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# ***Daily Report***

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## **East Asia**

**FBIS-EAS-89-101  
Friday  
26 May 1989**

# Daily Report

## East Asia

FBIS-EAS-89-101

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26 May 1989

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## Japan

**Uno Summons Armacost To Protest U.S. Trade Action**  
*OW2605041889 Tokyo KYODO in English 0403 GMT*  
26 May 89

[Text] Tokyo, May 26 KYODO—Foreign Minister Sosuke Uno summoned U.S. Ambassador Michael Armacost to the ministry Friday and officially protested Japan's inclusion as a priority country on the "super 301" list.

The list, announced in Washington on Thursday, cited Japanese trade barriers against supercomputers, communications satellites and forest products.

Uno called the move "an attempt to divert attention from the major cause of the trade imbalance."

Speaking to reporters after a cabinet meeting, he termed the U.S. action "extremely regrettable."

The U.S. identified Japan, along with Brazil and India, as "priority foreign countries" to be dealt with under the so-called super 301 provision of the omnibus trade act.

The development means that Japan will be subject to strong trade sanctions if no headway is made during mandatory negotiations on eliminating alleged barriers in the three areas cited.

Japanese officials have said in recent days that if Japan is targeted it might trigger an "emotional outburst" here.

In what appeared to be a face-saving measure, Uno said that while Japan will refuse to participate in the negotiations in the context of super 301, Japan will negotiate in a different context to resolve the trade dispute.

"None of the identified 'priority practices' can be considered to constitute trade barriers," Uno told reporters, adding that Japan has been making "great efforts" to boost imports and its market is now "wide open."

The foreign minister accused the U.S. of a "lack of fairness" in its decision to unilaterally target other countries "despite the fact that the U.S. itself maintains import restrictive measures and practices to a considerable degree."

He said it is "widely recognized" that the present trade imbalance in Japan's favor is partly attributable to the huge U.S. budget deficit.

"In this sense I am obliged to comment that the implementation of the super 301 provision is an attempt to divert attention from the major cause of the trade imbalance and to eschew the responsibilities of the U.S. In macroeconomic policies," Uno said.

Uno met with Armacost shortly before noon for 30 minutes and lodged an official protest.

Officials said Uno told Armacost that Japan does not consider it "fair" for the U.S. to place full blame for the trade imbalance on Japan's shoulders.

Uno recommended that the U.S. take account of the national sentiment in Japan, which has come to sense that Japan is being "targeted," officials said.

The foreign minister warned that if the U.S. follows through with its intention to identify alleged unfair traders and market barriers in such a way every year, the recurring difficulties could severely strain the bilateral relationship.

Armacost responded that the trade action was arrived at through normal legal procedures.

He said it is designed to expand trade through negotiation and not to lead to confrontation, noting that the two countries have a year-and-a-half to sort out their problems before any sanctions would go into effect.

Uno said the U.S. action has shown that Washington does not give due recognition to the fact that Japan's trade surplus with the U.S. has significantly decreased while its imports have vastly increased.

The ambassador responded that the U.S. has highly appraised Japanese market-opening efforts, exchange rate policies and its endeavors to boost domestic demand.

But he said despite those efforts there has been little change in the huge bilateral trade imbalance, unlike the progress which has been made in balancing trade between the U.S. and the European Community.

Uno said that "counterproductive" unilateral actions should be eschewed in favor of bilateral talks or talks in the multilateral forum of the Uruguay Round of the General Agreement on Trade and Tariffs (GATT), under which he said he believed any U.S. sanctions would be regarded as running counter to the rules.

Armacost denied that naming Japan in the trade bill necessarily implies a lack of support for the Uruguay round on the part of the U.S.

On Uno's allusion to the U.S. budget deficit as a major source of the problem, Armacost said that the U.S. recognizes the need to deal with the deficit.

But he said Washington likewise sees a equal need to redress its trade imbalances with countries such as Japan which constitute a major proportion of its trade debt.

## **Takeshita, Others Reaction to U.S. Declaration**

### **Takeshita Regrets Move**

*OW2605014589 Tokyo NHK General Television Network in Japanese 0100 GMT 26 May 89*

[Text] Concerning the fact that Japan has been named as a super 301 nation, Prime Minister Takeshita said to the reporters group: It is regrettable. Since problems have been basically settled through joint work between Japan and the United States so far, problems basically should continue to be settled through joint effort.

Meanwhile, Chief Cabinet Secretary Obuchi held a news conference and stated as follows:

[Begin recording] [Video shows Obuchi reading from notes] First, it is extremely regrettable that the U.S. side has made the current decision.

Second, our market is becoming open, and those practices which have been pointed out are not trade barriers. It also seems that among the factors that have led to this decision is the big trade imbalance between Japan and the United States.

Third, the super 301's one-sided approach is questionable. However, as two major economic powers, Japan and the United States share the responsibility of acting in concert for the development of the world economy. In this connection, as Prime Minister Takeshita and President Bush have confirmed, the government would like to settle issues through cool-headed talks. [end recording]

This was the news conference held by Chief Cabinet Secretary Obuchi.

### **Cabinet Members Criticize Action**

*OW2605051789 Tokyo NHK General Television Network in Japanese 0400 GMT 26 May 89*

[Text] Concerning the U.S. Government's decision to apply the super 301 provision of the omnibus trade act on Japan, the ministers concerned criticized, one after another, the U.S. Government's position at the cabinet meeting held today.

At the cabinet meeting today, Foreign Minister Uno first expressed regrets that the United States had unilaterally made this decision and stated that Japan would like to make an analysis of the contents, hold cool-headed talks, and settle problems through joint effort.

Concerning this decision, Science and Technology Agency Director General Miyazaki stated that the United States did not seem to quite understand Japan's independent development of artificial satellites. Moreover, Minister of Posts and Telecommunications

Kataoka criticized the U.S. Government's position, saying that Japan's market is open now as far as artificial satellites are concerned because private enterprises can procure foreign-made artificial satellites.

Following this criticism, Minister Mitsuzuka of the Ministry of International Trade and Industry [MITI] stated that if there should be any points that could be debated, Japan would be ready to talk at such forums of multilateral consultations as the GATT but not at the bilateral consultations between Japan and the United States.

### **Trade Minister Rules Out Bilateral Talks**

*OW2605045589 Tokyo KYODO in English 0431 GMT 26 May 89*

[Text] Tokyo, May 26 KYODO—Japan refuses to hold bilateral negotiations with the U.S. on trade issues listed under the super 301 clause because Japan could face unilateral retaliation, Trade Minister Hiroshi Mitsuzuka said Friday.

Mitsuzuka made the remark shortly after U.S. Trade Representative (USTR) Carla Hills announced in Washington that Japan was identified as a "priority country" subject to trade sanctions under the super 301 clause of the 1988 trade act.

Japan was cited by the U.S. Government as erecting "unfair" trade barriers to U.S. products and services in three areas—supercomputers, satellites and forest products.

Under the law, the U.S. Government is expected to negotiate with countries named as "priority countries" and initiate retaliation if there are no satisfactory results.

Mitsuzuka, speaking after a regular cabinet meeting, said, "the unilateral decision by the U.S. Government is extremely regrettable" in that it would hamper the global free trade system.

The framework of the "super 301" provision of the U.S. trade law is in violation of principles of the General Agreement on Tariffs and Trade (GATT) and "will adversely affect" the Uruguay round of GATT trade talks, Mitsuzuka said.

"Japan will voluntarily rectify its trade system if necessary as a nation who benefited most from the multilateral free trade system in the world," he said.

Mitsuzuka went on to say, "If we recognize the need to discuss particular trade issues, we will be ready to talk at the GATT but not in the pretext of unilateral trade sanctions of the U.S. based on that country's law."

"My understanding of the U.S. decision is that the U.S. is only trying to put its trade law into practice," Mitsuzuka said.

But he said government officials in Japan and the U.S. should avoid getting too emotional on the issue.

Mitsuzuka said he will seek a full explanation of the U.S. decision when he meets with U.S. Administration officials in Paris next week for a ministerial meeting of the Organization for Economic Cooperation and Development (OECD).

In addition to naming the three areas as unfairly blocking access of U.S.-made goods, the U.S. Government proposed that Tokyo and Washington hold consultations to discuss "structural issues" such as Japan's distribution system and other discriminatory business practices, a ministry official said.

The official said Japan will be prepared for such consultations [words indistinct] the U.S. to also talk about such issues as "saving and investment," the areas Japan sees as requiring improvement on the part of the U.S.

#### **Matsunaga Issues Statement**

OW2605054989 Tokyo KYODO in English 0525 GMT  
26 May 89

[Text] Washington, May 25 KYODO—Japanese Ambassador to the U.S. Nobuo Matsunaga said on Thursday the U.S. decision to designate Japan as an unfair trader was disappointing and "extremely regrettable."

In a statement, Matsunaga said, "There may well be some domestic backlash in Japan which will make the resolution of the various problems even more difficult."

The statement said that in light of the "good faith efforts" that have been made, the Japanese Government and people "are greatly disappointed by the one-sided decision."

But he said, "I am of the view that with regard to issues between the U.S. and Japan, when similar problems arise, the Japanese Government is willing to talk in a spirit of cooperation to resolve these problems, as it has done in the past."

He said if the U.S. takes sanctions based on the super 301 provisions of the 1988 omnibus trade act, "this will represent a unilateral action on the part of the U.S. Government which will be strongly opposed by the Japanese Government."

The ambassador said efforts should be made on the macroeconomic front to resolve the trade imbalances. "It is the responsibility of the U.S. Government to continue its efforts in the macroeconomic area," he added.

#### **Business Leaders Comment**

OW2605110089 Tokyo KYODO in English 0932 GMT  
26 May 89

[Text] Tokyo, May 26 KYODO—Japanese business leaders expressed regrets Friday over a U.S. decision to cite Japan as a target for negotiations and possible retaliation under the omnibus trade act of 1988.

Eishiro Saito, chairman of the Federation of Economic Organizations (Keidanren), said it is "extremely regrettable," although it had been widely expected.

In a statement, Saito voiced fears that the U.S. action might undermine Japan-U.S. relations and noted that Japan should have made further efforts to keep Washington from adopting such a decision.

The statement came out after U.S. Trade Representatives Carla Hills issued an announcement Thursday in Washington, in which Japan, Brazil, and India was cited as nations with unfair trade practices subject to the so-called "super 301" clause of the U.S. law.

Japan was cited for allegedly restricting imports of supercomputers, satellites, and forest products.

Saito, meanwhile, expressed dismay at a U.S. strategy that simplistically stresses trade balances when the United States should first scrutinize the cause of its massive trade deficit.

Takuma Yamamoto, chairman of the Japan Electronic Industry Development Association, also voiced regret over the action, saying that Japan's computer market is fully opened to imports.

Yamamoto, also president of Japanese computer giant Fujitsu Ltd., rebuffed U.S. claims that Japanese government procurement of supercomputers from local suppliers at a large discount serve as a trade barrier to U.S. makers.

He said the U.S. charges are "nonsense and irrational" given the fact that there is no Japanese-made supercomputer running at U.S. public institutions.

Pointing out that procedures for government purchases of such high-tech products were simplified in 1987, Yamamoto expressed hope that the United States will come to understand the situation so the issue can be settled soon through bilateral negotiations.

Tadahiro Sekimoto, president of NEC Corp., a leading computer maker, rapped the U.S. action for being based on a misunderstanding of the Japanese market and taken in defiance of Japanese efforts to open its markets.

"The Japanese Government should negotiate with United States over the issue with a resolute attitude," he said.



Corporate executives in the satellite industry shook off U.S. allegations that Japan unfairly protects domestic makers.

"Japanese satellite-communications service companies have already purchased five U.S.-made (satellites). So, I can't agree with U.S. claims (that Japan has shut U.S. firms out of its market)," one of them said.

Nippon Telegraph and Telephone Corp. [NTT] is annoyed with the inclusion of satellites in products cited in the U.S. announcement.

"We can't afford to buy additional telecommunications satellites right now," said a senior NTT official, referring to NTT's decision to purchase 17 transponders to add to the 18 already in operation.

The U.S. action was also strongly criticized by a trade body for Japanese lumber producers and distributors.

"It is incomprehensible because the United States for its part imposes restrictions on lumber imports and slaps tight import duties on wood products," said Daijiro Midorikawa, chairman of the All Japan Federation of Lumber Associations.

Midorikawa shrugged off U.S. claims that Japan's lumber market is closed to imports. "The value of forest product imports from the United States grew more than 2-fold in 1988 from 2 years ago after bilateral market-oriented sector-selective trade talks," he said.

**Government To Seek GATT Debate on Super 301**  
*OW2605031789 Tokyo KYODO in English 0258 GMT  
26 May 89*

[Text] Tokyo, May 26 KYODO—Japan will seek international talks on a controversial U.S. trade law permitting retaliation against countries engaging in what Washington views as unfair Trade Practices, Trade Minister Hiroshi Mitsuzuka said Friday.

Mitsuzuka, minister of international trade and industry, expressed regret over a U.S. decision to list selected Japanese trade practices under a provision which would result in sanctions unless they are corrected within 18 months.

He took issue with the "super 301" provision of the U.S. law that mandates retaliation unless the countries involved agree to correct allegedly unfair trade practices.

Japan will pursue discussions on problems associated with the law through international forums, including the current Uruguay round of talks for freer trade sponsored by the General Agreement on Tariffs and Trade (GATT), Mitsuzuka said.

**Net Overseas Assets Reach \$290 Billion**

*OW2605085889 Tokyo KYODO in English 0551 GMT  
26 May 89*

[Text] Tokyo, May 26 KYODO—Japan's net assets overseas rose to over 290 billion U.S. dollars at the end of 1988 to mark the world's highest for the fourth consecutive year, the Finance Ministry said Friday.

Active investment in overseas stocks and real estate helped to maintain Japan's position as the biggest creditor in the world, ministry officials said.

West Germany and Britain were joint second largest creditors in 1987 with 168.9 billion dollars each in overseas assets. The two countries' 1988 figures have not yet been reported, but Japan's net assets are likely to remain the largest, they added.

Japan's net assets started expanding from 1982, after the second oil crisis, along with a steady increase in its surplus in international trade. The figure has grown about 2.5 times in the past four years due to the yen's appreciation against the dollar, the officials said.

According to the ministry report, Japanese overseas assets increased 37.1 percent in 1988 from the figure at the end of 1987 to 1,469.35 billion dollars. Its total debts were 1,177.60 billion dollars, up 41.1 percent.

The difference, 291.75 billion dollars represented net assets, which exceeded the 1987 record by 51.00 billion dollars. The 1987 figure was itself up 22.1 percent from the previous year.

Private finance firms scored the largest asset increase of 182.08 billion dollars to 502.26 billion dollars, mainly by such earnings from short-term lendings, according to the ministry report.

Private investors' purchases of U.S. Government bonds and overseas stocks rose 87.54 billion dollars to a total of 427.22 billion dollars. Direct investment in real estate and new businesses overseas rose 33.76 billion dollars to 110.78 billion dollars.

The Japanese Government boosted its assets mainly by expanding Official Development Assistance (ODA) loans, which increased 12.42 billion dollars from the 1987 figure to 55.57 billion dollars.

Meanwhile, debts in short-term lendings by private investors increased 235.09 billion dollars to a total of 765.17 billion dollars. Overseas investment in Japanese corporate bonds and securities also increased 88.68 billion dollars to 254.89 billion dollars.

**Takeshita Takes Lead in Picking New Leader**  
*OW2405133489 Tokyo KYODO in English 1214 GMT  
24 May 89*

[Text] Tokyo, May 24 KYODO—Prime Minister Noboru Takeshita will assume the lead in efforts within the ruling Liberal Democratic Party [LDP] to pick his successor, LDP officials said Wednesday.

Takeshita, 65, said this during a 90-minute meeting Wednesday with Masayoshi Ito, chairman of the LDP Executive Council, who declined two weeks ago to take over from Takeshita.

Takeshita told Ito the LDP needs to settle the present political turmoil as early as possible, noting one month has passed since he declared on April 25 that he will step down in the wake of the Recruit scandal.

Ito, 75, apologized to Takeshita for having declined to replace him as LDP president and prime minister, the party sources said.

LDP Secretary General Shintaro Abe acted as power coordinator before he underwent surgery for gallstones on May 15.

LDP Deputy Secretary General Ryutaro Hashimoto has since acted in place of Abe, meeting party elders, faction leaders and rank-and-file members to discuss who should succeed Takeshita.

Meanwhile, former Prime Minister Takeo Fukuda has emerged as a probable successor to Takeshita, many LDP sources said Wednesday.

This prospect has gained momentum after Fukuda met with Takeshita for over an hour on Tuesday, the sources said.

Both men subsequently denied that they discussed who should be the new party leader.

Fukuda, 84, who served prime minister between 1976 and 1978, said he had briefed Takeshita about an international meeting of former heads of state or government in Washington he is attending this week.

Fukuda left for the U.S. capital Wednesday morning and is scheduled to return to Tokyo on Sunday.

**Wants Either Fukuda or Sakata**

*OW2505163189 Tokyo KYODO in English 1342 GMT  
25 May 89*

[Text] Tokyo, May 25 KYODO—Prime Minister Noboru Takeshita wants either former Prime Minister Takeo Fukuda or former lower house Speaker Michita Sakata to be his successor, sources at the Liberal Democratic Party [LDP] said Thursday.

The sources said Takeshita made this known during talks Wednesday evening with Masayoshi Ito, chairman of the LDP's Executive Council.

Ito, 75, was regarded as Takeshita's most probable successor but has repeatedly refused to take up the post because of health reasons.

Takeshita, who took office in November 1987, announced his intention on April 25 to step down to take responsibility for political turmoil sparked by the Recruit scandal.

Both Fukuda, 84, and Sakata, 72, reportedly have refused to take the job of LDP president, which carries with it the post of prime minister because the party controls both houses of the Diet.

The sources said Takeshita will meet LDP Secretary General Shintaro Abe this week to discuss the selection of his successor. Abe has been recovering under hospital care from a gallstone operation.

They said Ito asked Takeshita to pick a younger politician for his successor but the prime minister was reluctant.

Younger politicians mentioned as potential candidates include LDP Deputy Secretary General Ryutaro Hashimoto, 51, Yohei Kono, 52, who left the LDP following the Lockheed scandal in the mid-1970s, but later returned to the party, and former Transport Minister Shintaro Ishihara, a novelist-turned politician.

**Fukuda Dismisses Idea**

*OW2505040989 Tokyo KYODO in English 0158 GMT  
25 May 89*

[Text] Washington, May 24 KYODO—Former Japanese Prime Minister Takeo Fukuda on Wednesday dismissed speculation that he will succeed Noboru Takeshita as president of the Liberal Democratic Party (LDP) and prime minister.

Fukuda, on his arrival here from Tokyo, said to reporters it would be strange for a retired adviser to take the reins of power.

LDP sources in Tokyo have said that Fukuda has emerged as a probable successor to Prime Minister Takeshita, who declared on April 25 that he will step down in the wake of the Recruit bribery scandal.

This prospect gained momentum after Fukuda met Takeshita for over an hour on Tuesday, the sources said.

Fukuda, who served as prime minister between 1976 and 1978, is 84 but is well enough experienced in domestic and diplomatic affairs to overcome the present political crisis, those sources said.

Fukuda is scheduled to return to Tokyo on Sunday after attending a session of the interaction council, a forum of former heads of state or government, scheduled for Friday in Washington.

Fukuda, meeting reporters at a Washington hotel, said he has never received any request from Takeshita to take over power.

Fukuda said the LDP must choose the new prime minister well before the Paris summit of seven major industrial countries in mid-July.

The new leader must be enthusiastic to promote party and political reforms and have an insight into global political affairs, Fukuda said. He did not indicate who he thought would be a suitable candidate for the position.

#### Further on Nakasone's Diet Testimony

OW2505181789 Tokyo KYODO in English 1530 GMT  
25 May 89

[Text] Tokyo, May 25 KYODO—Former Prime Minister Yasuhiro Nakasone sought to use his high international profile Thursday to deflect opposition attacks on him as leader of Japan while the Recruit Co. scandal was evolving.

Nakasone, peppering his long-awaited testimony before the Diet with references to his close relationship to former U.S. President Ronald Reagan, insisted he had no involvement in the influence-peddling scandal.

Instead, he used questions about Recruit to explain his efforts to reduce trade friction with the United States.

Nakasone denied he was privy to private information regarding the sale of a U.S.-made supercomputer to Recruit Co., the Japanese information giant at the center of the scandal.

But he said he made it a point to know about supercomputers to assuage Washington worried about Japan's decision to buy one.

"Japan's procurement of a supercomputer was a major concern in Washington, so I wanted to tell President Ronald Reagan that I was doing my utmost," Nakasone said.

Opposition party leaders have accused Nakasone of having a role in Nippon Telegraph and Telephone Corp. (NTT)'s purchase of the computer and later its resale to Recruit.

A stone-faced Nakasone showed almost no emotion during the two hours and 40 minutes of questioning.

At one point, however, Nakasone emphatically denied allegations in April by Masayuki Fujio, former policy chief for the ruling Liberal Democratic Party, that he gave money to Reagan in exchange for arranging NTT's purchase of the supercomputer.

"For the sake of Japan's honor, I want to (deny the allegation)," Nakasone said. "It is an absurd mistake to suggest that money was slipped into the pockets of American or Japanese politicians."

Then, pounding his fingers on a table for emphasis, Nakasone said some Diet members have described Fujio as a "madman."

Nakasone later retracted the statement, saying it was "not necessarily appropriate."

The former prime minister was less agitated when answering why he did not accept responsibility for the Recruit influence-peddling scandal and offer his resignation, as the late Emperor Showa had done following Japan's defeat in World War II.

"The emperor's words were awe-inspiring," Nakasone said, referring to the emperor's offer to occupation commander Gen. Douglas MacArthur to assume total responsibility for the war.

"But I am a Philistine in the earthly world of politics," Nakasone said. "As a member of parliament, I will try hard to overcome the winds and snow, and to do my best with my small power."

#### North Korea

#### Contents of Contact With U.S. in PRC Noted

SK2605103689 Pyongyang KCNA in English 1021 GMT  
26 May 89

[KCNA commentary: "Contents of DPRK-U.S. Diplomatic Contact Must Not Be Distorted"]

[Text] Pyongyang May 26 (KCNA)—Words are in vogue with regard to the contents of the contact between a councillor of the DPRK Embassy and a councillor of the U.S. Embassy in Beijing on May 15.

Matters of common concern were discussed at this fourth round of contact made at the request of the U.S. side.

This contact was attended by two secretaries from each side together with the councillors.

However, the South Korean authorities are now stirring public opinion by distorting its contents to the effect that the demand of the U.S. side such as "halt to international terrorism," "resumption of North-South



dialogue" and "transfer of the remains of American soldiers killed in the Korean war" was raised as the basic issue in the DPRK-U.S. contact.

As for "international terrorism," it has nothing to do with us.

Our guiding ideology, idea and mode of work themselves do not allow terrorism.

Intentionally connecting with US terrorism which has nothing to do with us is nothing but an insidious political attempt at slinging mud at the high international authority of our Republic.

As a matter of fact, it is none but the United States which is today a pandemonium of violence and the kingpin of terrorism.

As to the question of North-South dialogue we have consistently championed dialogue for reunification and are making all efforts to this end.

On the contrary, the South Korean rulers, at present, discarded all masks they had worn through the "July 7 declaration" and are racing headlong along the road to confrontation and division, not to dialogue and reunification, while stepping up suppression of the South Korean people, Rev. Mun Ik-hwan and other democratic figures.

We urge the South Korean authorities to stop persecuting Rev. Mun Ik-hwan and other democrats and patriotic people and come out to the negotiating table for multi-faceted dialogue at an early date.

As to the "question of remains", its solution has been delayed because of the unreasonable "sanctions" the United States took against the DPRK in January last year in connection with the "KAL incident."

Such environment is snagging its solution still today.

We hope this question will be resolved as early as possible.

The United States must pay due attention to the solution of the problems raised, instead of resorting to such provocative moves as a speaking ill of the DPRK and building up its Armed Forces in South Korea with a glib talk about fictitious "state terrorism" and "threat from the North."

**South Measure To 'Protect' U.S. Flag Denounced**  
*SK2605114089 Pyongyang KCNA in English 1041 GMT*  
**26 May 89**

[Text] Pyongyang May 26 (KCNA)—The South Korean fascist clique in an "official document" to all universities and colleges throughout South Korea on May 24 reportedly instructed them to take stringent steps against students who damage the "flag of a specific state" during their demonstrations.

It is clear that this is a despicable step on the part of the flunkeyists to "protect" the blood-stained flag of the United States.

The South Korean students have attacked the U.S. "cultural centres" and military bases and burned or torn to pieces the accursed Stars and Stripes, indignantly shouting "The U.S. imperialist aggressors, get out of South Korea" and "Yankee go home".

This is a manifestation of the burning hatred and curse of South Korean students and people to the U.S. imperialists, their enemy, who have inflicted all sorts of national misfortunes and sufferings upon them, acting the master in others' country. It is also a righteous action reflecting their unanimous will to drive out the enemy from South Korea and achieve democracy in society and national reunification without fail.

**South's Letter to U.S. Forces Viewed**  
*SK2405100989 Pyongyang KCNA in English 1000 GMT*  
**24 May 89**

["Despicable Behaviour of Colonial Stooge"—KCNA headline]

Pyongyang May 24 (KCNA)—MINJU CHOSON today in a signed commentary raps at the No Tae-u group for its zealous encouragement of the U.S. imperialist aggression forces in South Korea.

A few days ago, the No group sent a "congratulatory" letter to the commander of the U.S. imperialist aggression forces in South Korea in the name of the puppet defence minister, on the occasion of "day of the U.S. forces." In the letter the puppets lavished "congratulations," "homage" and the like on the aggression forces, flattering the latter with the talk that they have "contributed to peace and stability" on the Korean peninsula and are working "devotedly for freedom and peace."

This despicable subserviency and flattery of the No group to its master only shows with increasing clarity that it is a group of dirty colonial stooges of U.S. imperialism and flunkeyist traitors, the author of the commentary says, and goes on:

Our country and nation remain divided into two due to the U.S. imperialist occupation of South Korea, and South Korea has turned into a colony of U.S. Imperialism and the biggest nuclear base in the Far East, and the people are subjected to the miserable lot of colonial slaves.

The occupation of South Korea by the U.S. imperialist aggression forces is, indeed, the main factor that keeps our country divided and renders the situation in the country strained, and it is the stumbling block lying in the way of national reunification. It is also the root cause of all misfortunes and sufferings of the South Korean people.

The puppets' flattering words like "congratulations" and "homage" to the U.S. imperialist aggression forces are absolute baloney aimed at justifying the U.S. imperialist occupation of South Korea.

This is a heinous challenge to the people's demand for the withdrawal of the U.S. imperialists.

The No group, a group of the U.S. imperialists' despicable stooges, must no longer resort to dastardly flunkeyist treacheries but step down as demanded by the people.

**Paper Denounces No Tae-u on Yi Death Issue**  
*SK2605105889 Pyongyang KCNA in English 1028 GMT*  
26 May 89

[Text] Pyongyang May 26 (KCNA)—MINJU CHOSON today accuses the No Tae-u group of branding as "rumours" the assertion that student Yi Chol-kyu was killed by torture, in defiance of the just demand of people for another probe into his death.

The South Korean puppets announced that Yi Chol-kyu was "drowned to death," but it is not convincing, says the news analyst.

Citing detailed evidences that student Yi was tortured to death by the puppets, the news analyst goes on:

Even the U.S. State Department recognized it by expressing "murder" in a commentary.

It is foolish, however, that the South Korean puppets concluded it as "death from drowning," giving an impression that they have nothing to do with it.

The South Korean people are determined to request an international organisation to make clear the death of Yi Chol-kyu if the puppets fail to probe it correctly. Half a month has passed since his body was found, but a funeral service has not yet been held. This shows how firm the will of South Korean people to punish the murderers to work off his grudge is.

The murderers can never escape punishment. The No Tae-u group must bring the truth to light and apologize even now and step down.

**Chondae-hyop Vows To Attend Pyongyang Festival**  
*SK2505045489 Pyongyang KCNA in English 0446 GMT*  
25 May 89

[Text] Pyongyang May 25 (KCNA)—The "Chondae-hyop" preparatory committee for the 13th World Festival of Youth and Students published a report on its work in the May issue of the South Korean magazine "WOLGAN HURUM."

The report notes that the 13th World Festival of Youth and Students will serve our nation as an occasion for peace and reunification.

Underlining the significance of the struggle to participate in the festival, the report stresses that this struggle is a victorious one aimed at a practical success and it will offer a grand opportunity for dealing a fatal blow to the reactionary "North-South exchange" based on splittism and confidently waging the movement for reunification-oriented and independent exchange.

Outlining the principle of the struggle to participate in the festival, the report says it must be made clear that the subject of the participation is "Chondae-hyop" and all-people support and encouragement to this struggle must be obtained.

Declaring that "Chondae-hyop" will surely go to Pyongyang with the one million students, the report stressed:

"Chondae-hyop" which has always taken the van in the advance of the motherland and the people will, in 1989, the last year of the 80s, succeed in its participation in the Pyongyang festival at all costs by displaying all its ardor and sincerity, pooling all the wisdom and strength of the one million students and bringing together the sky-high spirit of the 70 million compatriots for reunification, and thereby pave the way for independent exchange and bring a new dawn of national reunification.

**Sends Letter to North**

*SK2505044289 Pyongyang KCNA in English 0429 GMT*  
25 May 89

[Text] Pyongyang May 25 (KCNA)—A letter of the "National Council of Student Representatives" (Chondae-hyop) of South Korea to the Korean students Committee expressing the resolution of South Korean students to participate in the Pyongyang festival was carried in the May issue of the South Korean magazine WOLGAN HURUM.

"Chondae-hyop" made public the letter in the magazine, unable to find a channel to send it to the North owing to the obstructions of the South Korean fascist clique.

The letter says:

Now the central preparatory committee of the festival under "Chondaehyop" and regional bodies for it are being formed and an advisory group consisting of patriotic figures of various circles is being set up.

We propose to hold a special function of students of the North and the South for the reunification of the country during the festival. We think it desirable that this function is oriented to enhancing the spirit of great national unity and accelerating the reunification of the country through political, cultural, sports and other events.

There is nothing to fear or shrink from on the road of national reunification, the letter declares, adding: Let us strive to bring earlier a new dawn of peace of mankind and national reunification by arranging the 13th World Festival of Youth and Students as a chapter of national reconciliation and unity, a historical chapter of national reunification, without fail.

#### **Daily Alleges Suppression of South Citizens**

*SK2605044689 Pyongyang KCNA in English 0435 GMT 26 May 89*

[Text] Pyongyang May 26 (KCNA)—NODONG SINMUN today castigates the No Tae-u puppet clique for viciously suppressing the South Korean people who are waging the vigorous anti-U.S. struggle these days.

Referring to the fact that the "National Council of Student Representatives" of South Korea marked off a week of anti-U.S. struggle from May 22 to 27, students and people in Kwangju set May 22 as "day of anti-America" and the anti-U.S. Struggle is being intensified across South Korea on the occasion of the anniversary of the Kwangju popular uprising, the paper says in a signed commentary:

The No Tae-u group is answering the just struggle of students and people with armed suppressive offensive.

The No Tae-u military fascist group is suppressing with bloodshot eyes the people who have risen in the anti-U.S. struggle, while mobilizing enormous police force in guarding over the U.S. Embassy in Seoul and U.S. organs in different parts of South Korea.

The puppet clique sent 36 companies of combat police 6,000 strong to "blockade at the initial stage" a people's rally for the inheritance of the Kwangju resistance for democracy which was to be held on University Street in Seoul and foiled by force a meeting "day of anti-America" planned by Kwangju students and people at the plaza in front of the "South Cholla Provincial Office Building."

The No Tae-u group's fascist violence upon the patriotic democratic forces crying for the genuine independence and democratization of South Korean society and the reunification of the country shows that the present rulers

of South Korea are a gang of reactionaries, complete colonial stooges serving to maintain the colonial and military fascist ruling system of U.S. imperialism.

#### **Triangular Military Alliance Said Forming**

*SK2505151789 Pyongyang KCNA in English 1503 GMT 25 May 89*

[Text] Pyongyang May 25 (KCNA)—The Soviet Afro-Asian Solidarity Committee (SAASC) denounced the United States and the South Korean authorities for suppressing the South Korean people and students and opposing the reunification of Korea.

Secretary of the SAASC Samandar Kalandarov said this in his interview with a reporter prior to his departure for home after his visit to Korea.

Noting that the U.S. imperialists' occupation of South Korea poses a permanent threat not only to the Democratic People's Republic of Korea but also to the people in Asia and the rest of the world, he said that it was an act running counter to the trend of the world for detente that Seoul, Tokyo and Washington are accelerating the formation of a triangular military alliance.

The South Korean authorities and the United States are opposing all the peace initiatives put forward by the DPRK and suppressing the patriotic struggle of the South Korean people and students for national reunification and further stepping up fascistization, while hastening preparations for war in South Korea, he said, adding:

We will lift up higher voices of solidarity fully supporting the DPRK's just proposals for the independent and peaceful reunification of the country.

#### **News Conference Held on Sino-Soviet Summit**

*SK2505153689 Pyongyang KCNA in English 1514 GMT 25 May 89*

[Text] Pyongyang May 25 (KCNA)—A news conference was held at the Soviet Embassy in Pyongyang today in connection with the visit to China by Comrade Mikhail Gorbachev, General Secretary of the Central Committee of the Communist Party of the Soviet Union and president of the Presidium of the Supreme Soviet of the USSR.

Speaking at the conference, charge d'affaires ad interim of the Soviet Embassy Boris Morozov said that a meeting of top-level leaders between the Soviet Union and China opened a new stage in the relations between the two countries and made it possible to restore the relations between the two parties and carried weighty significance in normalizing international relations.



**Kim Il-song Greets Gorbachev on Election**  
*SK2605041589 Pyongyang Domestic Service in Korean*  
0100 GMT 26 May 89

[Message of congratulations from Kim Il-song, general secretary of the Workers Party of Korea (WPK) Central Committee and president of the DPRK, to Mikhail Sergeyevich Gorbachev]

[Text] Moscow

To Comrade Mikhail Sergeyevich Gorbachev, general secretary of the CPSU Central Committee and president of the Supreme Soviet of the USSR:

In connection with your election as president of the Supreme Soviet of the USSR in the Congress of the Soviet People's Deputies on the strength of the Soviet people's deep trust, I, in the name of the WPK Central Committee, the Government of the DPRK, and the Korean people, and in my own name, offer you my warm congratulations.

The establishment of an institution of highest sovereignty in the Soviet Union and your election as president of the Supreme Soviet of the USSR is an expression of the will of the CPSU, the government and people of the USSR to implement the decisions made at the 27th Congress of the CPSU and the 19th meeting of all-union representatives.

I wish you new successes in your future work to accelerate restructuring, to achieve national prosperity of the Soviet Union, and to defend global peace.

Availing myself of this opportunity, I express my conviction that the militant relations of friendship and cooperation between our two parties, two countries, and two peoples that have been firmly forged in a joint struggle to achieve the victory of the cause of peace, socialism, and communism against imperialism will continue to grow and develop.

[Signed] Kim Il-song, general secretary of the WPK Central Committee and president of the DPRK  
[Dated] 26 May 1989 Pyongyang

**Hwang Chang-yop Meets Soviet Science Delegation**  
*SK2605110789 Pyongyang KCNA in English 1034 GMT*  
26 May 89

[Text] Pyongyang May 26 (KCNA)—Secretary of the Central Committee of the Workers' Party of Korea Hwang Chang-yop met and had a friendly talk today with the delegation of the Academy of Sciences of the USSR headed by academician Petr Fedoseyev, chairman of the council in charge of external exchange in the field of social science of the Soviet Union.

**Articles Commemorate Treaty With Romania**  
*SK2605051689 Pyongyang KCNA in English 0440 GMT*  
26 May 89

[Text] Pyongyang May 26 (KCNA)—Papers here today dedicate signed articles to the 14th anniversary of the signing of the treaty of friendship and cooperation between Korea and Romania (May 26, 1975).

Noting that this treaty reflects the unswerving stand and will of the parties and peoples of the two countries determined to constantly develop the friendly and cooperative relations between Korea and Romania on the basis of a solid foundation, the NODONG SINMUN article says:

Over the past 14 years since the signing of the treaty it has been greatly conducive to bringing the flower garden of Korea-Romania friendship into full bloom and accelerating the revolution and construction in the two countries.

The relations of class solidarity and comradely cooperation between the two peoples have grown deeper and closer than ever before. The particular intimacy and trust between the leaders of the two parties and states and their several meetings and talks have played a decisive role in further developing in scope and consolidating the friendly and cooperative relations between the peoples of Korea and Romania.

Today the Romanian people under the energetic leadership of their outstanding leader Comrade Nicolae Ceausescu are striving to harmoniously develop industry and agriculture on the basis of socialism and increase the might of the country still further, says the article, adding:

We express full support and solidarity for the Romanian people in their struggle to implement the decisions of the 13th party congress and the national conference of the party, build a many-sidedly developed socialist society, remove the danger of a nuclear war from Europe and convert the Balkans into an area of peace and friendship free from nuclear and chemical weapons.

The Romanian party, government and people have consistently supported and encouraged the Korean people in their struggle to accelerate socialist construction, make the foreign forces withdraw from South Korea and achieve peace of Korea and her peaceful reunification.

The Korean people are happy to have as a friend the Romanian people who are faithful to the principle of proletarian internationalism, with a strong sense of comradely obligation and will make positive efforts to further develop the friendly and cooperative relations with them.

**Pakistan's Bhutto Meets With WPK Delegates**  
*SK2605055289 Pyongyang KCNA in English 0410 GMT  
26 May 89*

[Text] Pyongyang May 26 (KCNA)—Benazir Bhutto, prime minister of the Islamic Republic of Pakistan and co-chairman of the Pakistan People's Party, declared that she would in the future further develop the friendly relations between the two parties and two countries of Pakistan and Korea.

She said this on May 23 when she met a delegation of the Workers' Party of Korea led by Chong Chun-ki, alternate member of the Political Bureau of the WPK [Workers Party of Korea] Central Committee and vice-premier of the Administration Council, on a visit to Pakistan.

The good relations between Pakistan and Korea, she noted, are based on the friendly relations provided by Zulfiqar Ali Bhutto and the great leader his excellency President Kim Il-song.

The prime minister said the Pakistan Government and she personally highly esteem respected His Excellency President Kim Il-song and His Excellency Dear Kim Chong-il.

**Daily Hails Anniversary of Chongnyon Founding**  
*SK2505051689 Pyongyang KCNA in English 0500 GMT  
25 May 89*

[Text] Pyongyang May 25 (KCNA)—Papers here today dedicate editorials to the 34th anniversary of the formation of the General Association of Korean Residents in Japan (Chongnyon), a reliable organisation of overseas Korean citizens of the Republic, on May 25, 1955. The editorials extend warm congratulations and greetings to the entire functionaries of Chongnyon and the Korean residents in Japan who are significantly greeting this anniversary.

Pointing out that with the formation of Chongnyon, the movement of Koreans in Japan came to dynamically advance under the banner of the *chuche* idea and Koreans in Japan to devote themselves to the sacred patriotic cause for the homeland and the people as the shapers of their destinies with the honor of being overseas citizens with a legitimate patriotic organisation, the editorial of NODONG SINMUN says:

In the past, Chongnyon has consistently deepened education in the *chuche* idea among its functionaries and compatriots, giving priority to firmly establishing the ideological system of *chuche* within its organisation, and thus firmly prepared all of them to be revolutionaries of *chuche* type, genuine patriots boundlessly loyal to the great leader Comrade Kim Il-song and dear comrade Kim Chong-il.

The Chongnyon functionaries and Korean residents in Japan are today devotedly struggling for the fulfilment of the patriotic tasks of Chongnyon with the faith in sure victory and in a staunch revolutionary spirit unswerving in any adversity, cherishing infinite national pride and self-confidence in having the leader in the person of respected Comrade Kim Il-song.

Chongnyon has directed efforts to the work of national education, while dynamically endeavouring to firmly defend the democratic national rights of compatriots, in the course of which, it has prepared the rising generation to be reliable successors to the patriotic work of Chongnyon.

Upholding the policy of national reunification set forth by the great leader Comrade Kim Il-song, Chongnyon has vigorously struggled to put it into practice and extended unreserved support and encouragement to the righteous struggle of South Korean people for independence, democracy and reunification, denouncing the "two Koreas" plot of the U.S. imperialists and their stooges. And it has contributed to increasing the prestige and influence of the republic in the international arena by conducting solidarity movements with the Japanese people and the revolutionary peoples of the world.

All the successes and achievements of Chongnyon over the past 34 years are a brilliant victory of the *chuche*-based idea of overseas Koreans movement and the fruition of the wise leadership and personal affection of the great leader Comrade Kim Il-song and dear Comrade Kim Chong-il.

Comrade Kim Il-song indicated long ago the policy of changing the line in the movement of Korean residents in Japan and formed Chongnyon. Following it, he indicated the policy of action and its principles of Chongnyon, thereby providing the movement of Korean residents in Japan with a guideline.

The people in the homeland are convinced that Chongnyon will as ever dynamically carry on patriotic activities more closely rallied behind the respected leader Comrade Kim Il-song under the banner of the great *chuche* idea.

Chongnyon should struggle, taking it as its first and foremost patriotic task to hasten the reunification of the country, positively support and encourage the struggle of the South Korean people for independence, democracy and reunification and firmly strengthen solidarity with the Japanese people and the revolutionary peoples of the world, the editorial stresses.

**Foreign Ministry Marks Occasion**  
*SK2505153989 Pyongyang KCNA in English 1516 GMT  
25 May 89*

[Text] Pyongyang May 25 (KCNA)—The Foreign Ministry today arranged a film show and cocktail party at the People's Palace of Culture on the occasion of the 34th anniversary of the formation of the General Association of Korean Residents in Japan (Chongnyon).

Invited there were foreign diplomatic envoys and the representative of the "South Korean National Democratic Front" here and heads of delegations and home-visiting groups of Chongnyon now staying in the socialist homeland.

First Vice-Minister of foreign affairs Kang Sok-chu and personages concerned were present.

The attendants saw a Korean documentary film.

It was followed by a cocktail party, where speeches were made.

#### **Meeting Held in Tokyo**

SK2605101289 *Pyongyang KCNA in English 1007 GMT*  
20 May 89

[Text] Tokyo May 24 (KNS-KCNA)—A central meeting commemorating the 34th anniversary of the formation of the General Association of Korean Residents in Japan (Chongnyon) was held at the Korean Hall of Culture in Tokyo on May 24.

Messages of greetings from the Central Committee of the Democratic Front for the Reunification of the Fatherland and various other organisations in the homeland were read at the meeting.

Speaking at the meeting, Han Tok-su, chairman of the Central Standing Committee of Chongnyon, said that the formation of Chongnyon marked an epochal occasion in guiding the Koreans in Japan to become the master of the patriotic movement, the legitimate master of the country and the nation, together with the people in the homeland, closely united around the great leader Marshal Kim Il-sung and a significant event heralding the emergence of the first chuche-based overseas Koreans' organisation in the world history of the overseas compatriots movement. He reviewed the proud course covered by Chongnyon over the past 34 years.

Noting that today Chongnyon has grown in strength and developed into a dignified patriotic organisation which is making an excellent contribution to the accomplishment of the cause of the homeland and the nation and the common cause of mankind, he stressed: It is entirely thanks to the wise leadership of the great leader Marshal Kim Il-sung and dear Comrade Kim Chong-il that the movement of Koreans in Japan which had entered a period of a new turn could embark on the road of a signal advance.

A letter to Marshal Kim Il-sung was adopted at the meeting.

**Cho Se-ung, Choe Tae-pok Attend Youth Rally**  
SK2605052289 *Pyongyang KCNA in English 0426 GMT*  
26 May 89

[Text] Pyongyang May 26 (KCNA)—Pyongyang Youth and Students held a rally at the Kim Il-sung Square on May 25 and resolved to carry through the tasks set forth in "The Present Time and the Tasks of Young People", the work of dear Comrade Kim Chong-il.

Attending there were Cho Se-ung, alternate member of the Political Bureau of the Central Committee of the Workers' Party of Korea [WPK] and vice-premier of the Administration Council, Choe Tae-pok, secretary of the WPK Central Committee, and other officials.

At the rally the report of Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth of Korea, was followed by speeches of representatives of young people of various circles.

The reporter and speakers said that "The Present Time and the Tasks of Young People", the work published by Comrade Kim Chong-il on October 12, 1988, is an immortal militant programme which brightly lights the road of the youth movement of the era of Chajusong.

Noting that the most important task facing them today is to resolutely defend and safeguard our party and uphold its leadership with a loyal heart, they stressed the need to strengthen the ideological and political culture and revolutionary training in order to firmly prepare themselves as true young vanguard of the Workers' Party.

They said they would struggle resolutely to uphold the banner of socialism, thoroughly arm themselves with the chuche idea of our party and give full play to their loyalty to the party and the leader and the revolutionary spirit.

They emphasized that the 13th World Festival of Youth and Students should be successfully held in conformity with the idea of anti-imperialism, peace and friendship to further strengthen solidarity between the Korean youth and the world progressive youth.

A letter of pledge to the Central Committee of the WPK was adopted at the rally.

**\* Final Victory Seen in 200-Day Campaign**  
41100029 *Pyongyang NODONG SINMUN in Korean*  
17 Mar 89 p 1

[Editorial: "Let Us Mount a Final Assault To End the 200-Day Campaign in Victory!"]

[Text] More than 170 days have passed since all our people vigorously launched into the 200-day battle in response to National Heroes Day exhortations.



Now is the time to mount a final assault to unfurl a victory banner atop each high point in the 200-day campaign.

All party members and workers, upholding the orders of the respected and beloved supreme commander, should vigorously launch into a final assault to win victory in the 200-day campaign while perfecting fool-proof combat readiness to cope with the new war provocation maneuvers of the U.S. imperialists and the South Korean puppets.

The great leader Comrade Kim Il-song taught as follows:

"In every sector of the national economy, we should not slacken the surging momentum in the 200-day battle but continue to vigorously wage a mass innovation movement, and without fail climb all the heights of the Third 7-Year Plan." ("Let Us Hold Aloft the Chuche Revolutionary Banner and Achieve Victory in the Cause of Communism in the End"; monograph, p 14)

Winning victory in the current 200-day campaign is a rewarding task to demonstrate once again the heroic spirit of chuche Korea.

When the 200-day campaign is brilliantly accomplished, it will enable us to fulfill this year's vast militant tasks successfully and open the way for an assault on the towering heights of the prospective plan.

When we gain another proud victory in the current 200-day campaign on the heels of the victory we attained in the previous 200-day campaign, we will be able to continue to demonstrate vigorously our people's heroic spirit of advancing, fighting, and again advancing, without a moment of halting and stalling, in line with our party's thought and intention of continuing the 200-day battle to a 2,000-day campaign and then to a 20,000-day campaign.

All party members and workers have already produced great results in the 200-day battle by struggling devotedly, with the realization that this campaign is an honorable and rewarding task on which the honor of chuche Korea is staked. Numerous factories, enterprises, shops, and work teams have already fulfilled their high targets of the 200-day campaign and the ranks of these successful cadres are swelling with each passing day.

With major construction projects successively completed and with a new upturn taking place on every front of socialist construction amid the rising flames of the 200-day campaign, the firm foundation to adorn this year as another year of forward movement has been completed, and a decisive advance in fulfilling the Third 7-Year plan ahead of schedule is being made. This graphically demonstrates the revolutionary spirit of our people who would willingly jump into fire and water to unconditionally accomplish any difficult task the party demanded.

We do not have much time to bring the rewarding 200-day battle to a triumphant conclusion. We made a good start and have accomplished a lot in the battle. But if it should fail to end successfully, the whole campaign would be dulled. We should redouble our efforts and mount a final assault with true grit in order to win a decisive victory in the current 200-day campaign. By doing so, we will be able to further consolidate the economic foundation of the nation and accelerate the forward movement to achieve the complete victory of socialism.

The 200-day campaign is a significant one because it is to be completed before the 13th World Festival of Youths and Students opens. With the opening date of the Pyongyang festival drawing closer, the world's attention is focused all the more on Korea, with the progressive people of the world watching closely our people's struggle for socialist construction. When we victoriously conclude the 200-day campaign and make another gigantic step forward in socialist construction, we will be able to demonstrate the invincible might of our people and add brilliance to the honor of chuche Korea.

The final assault to win the victory in the 200-day campaign is an important undertaking designed to solidify our strength to cope with the vicious machinations of our enemies against us.

The imperialists, including the U.S. imperialists, striving to whip the world's reactionary forces together, are making all kinds of frantic machinations to isolate our Republic from the rest of the world. Only when we mount a final assault and fulfill our preset fighting goals with flying colors and win a brilliant victory in the 200-day campaign, will we be able to deal a telling blow to our enemies. We will be able to show these enemies that they can never bring the Korean people, who are banded together around the party and the leader with one and the same mind, to their knees.

The party and the revolution are demanding a final assault to bring the 200-day campaign to a triumphant conclusion as an honorable task which will demonstrate the might of chuche Korea. All functionaries and workers should rush forward more vigorously and continually display innovations, day after day, in the final charge.

What is most important in triumphantly concluding the 200-day campaign is to fight with an extraordinary determination to accomplish our assigned fighting tasks, while cherishing our loyalty to the party and the leader.

When they launched into the 200-day campaign in response to the call that went out on National Heroes Day, our functionaries and workers set unprecedentedly high goals and pledged to fulfill these goals without fail. This was a demonstration of the unanimous will of our people to revere the party and the leader with loyalty. The results of the 200-day campaign will serve as a measuring stick for their loyalty to the party and the leader. How to honor the pledge to the party will depend

on the measure of determination in the remaining days of the campaign. All functionaries and workers should adorn each remaining day with miracles and meritorious exploits, with a firm determination to fulfill the fighting tasks of the 200-day campaign they have pledged to accomplish, in the same manner as the workers of Nagwon have always honored their pledges to the party.

By magnificently honoring their pledges to the party and the leader, our functionaries and workers should mark the April holiday, the first and foremost holiday of our nation, in the most significant manner.

The goals we have yet to reach are high, and there is not much time left. But if we face our difficult tasks with optimism and fight doggedly with a revolutionary spirit, there are no tasks that cannot be accomplished. All functionaries and workers in every sector of the national economy should break through barriers head-on and accomplish their assigned tasks without fail. They should, with infinite devotion and an indomitable fighting spirit, move forward with a firm faith in victory, in the same way as the heroic warriors crossed the blazing rivers of fire and waded through the swamps in their march to victory.

The role of leading functionaries is very important in the final assault.

Victory in the 200-day campaign depends in a large measure on organization and command executed by the leaders. Experience shows that where leading functionaries exercise command skillfully and militantly by giving play to their revolutionary spirit, it is possible to find a breakthrough to mount an assault and achieve innovations. We are about to bring the 200-day campaign to a triumphant conclusion, and now is the time for functionaries to organize and direct all work skillfully, quickly, and full of spirit and passion. Leading functionaries of the party, the state, and economic organizations, and functionaries of factories and enterprises, with an awareness of the importance of their duties, should grapple devotedly with their fighting tasks and fulfill them responsibly.

Today, with intense combat in progress, the place for leading functionaries is at the head of the fighting column. All leading functionaries should penetrate the combat sites where an intense revolutionary spirit and surging vigor are driving the masses onward. They should lead the masses energetically to accomplish their fighting tasks; they should plan and coordinate economic organizational work and put their efforts into solving the problems which stand in the way, so that they can triumphantly conclude this campaign.

An important guarantee for victory in the final assault is to allow the masses to display their heroism.

Mass heroism is a manifestation of the ideological will of our people united tightly around the party and the leader. Our people's unanimous desire to attend to their party and

their leader with reverence, and glorify their fatherland with results in socialist construction—this is precisely the source from which mass innovations and miracles generate. Party organizations and functionaries should arouse loyalty to the party and the leader and revolutionary fervor among party members and workers, so that the flames of mass heroism and collective innovation may rise higher at each site of the 200-day campaign.

Innovations and miracles are always wrought where people are seething with zeal. Take a look at any of those units which have already completed their 200-day campaign, or any of those major target projects where the grand construction march is gaining speed, and you will notice that when functionaries make strenuous exertions and the masses bestir themselves, innovations and miracles are wrought. Party organizations and functionaries at all levels should wage a propaganda and agitational offensive designed to inspire the masses to be innovative in their exploits. Party organizations and functionaries should drive home to party members and workers the intention of the party to end the 200-day campaign in victory and to build a springboard for a new leap forward in socialist construction. They should conduct vigorous political propaganda and economic agitation among party members and workers so that all of them will become involved in heroic exploits, cherishing their loyalty to the party and the revolution.

Today our party is summoning all our people to a final assault to end the 200-day campaign in victory. The assault in the 200-day campaign is stirring up our party members and workers with the intention to become heroes, and miracle workers, and great achievers in the most formidable campaign of our time led by the party and the great leader.

Let us all enhance our honor as noble victors and innovators by exerting more strenuous efforts and boldly mounting the final assault to conclude the 200-day campaign.

## South Korea

**Parliamentary Contacts for North Meeting Held**  
*SK2605070189 Seoul Domestic Service in Korean*  
0500 GMT 26 May 89

[Text] A joint meeting of the speaker and deputy speakers of the National Assembly and delegates to contacts to prepare for the North-South parliamentary joint conference was held this morning in the room of the speaker of the National Assembly.

To urge the resumption of the contacts to prepare for the North-South parliamentary joint conference, which came to a deadlock at the seventh round of talks on 29 December 1988, our side proposed that the eighth round for preparations be held in the middle of next month at the Peace House on our side of Panmunjom.

### **South Proposes Resuming Talks**

SK2605073089 Seoul YONHAP in English 0631 GMT  
26 May 89

[Text] Seoul, May 26 (YONHAP)—South Korea proposed to North Korea Friday that both Koreas resume talks to prepare for a joint session of the two nations' parliaments.

In a letter to his northern counterpart, Chon Kum-chol, chief delegate Chae Mun-sik offered to hold the eighth contact in mid-June at the truce village of Panmunjom.

Pyongyang unilaterally postponed the preliminary meeting, scheduled for Feb. 10 at the border village, until after the end of the annual Team Spirit military exercises conducted by South Korea and the United States.

The exercises ran March 14-23.

Until Dec. 29 last year, when at the seventh contact the North added suspension of the Team Spirit exercises to the agenda of the main talks, it was fully expected that the inter-Korean parliamentary session would be held as early as March this year.

The two sides had narrowed their differences considerably on the format and agenda of the parliamentary talks.

Chae said in his letter that exchanges and cooperation, a declaration of non-aggression, and a South-North Korean summit, which have been discussed as the agenda for the main talks, are issues that both sides recognize the urgency of, and importance of, for easing tension, restoring trust and advancing reunification.

"If we scorn dialogue and discussions on those important issues, which will have a great influence on the present and future of the nation, it would be like abandoning our responsibility and mission," Chae said.

He denounced North Korea's call for talks with independent organizations in the South while neglecting dialogue between the parliaments as degrading the authority of its own parliament.

North Korea has repeatedly called for a meeting of representatives of political parties and social organizations since Kim Il-song proposed it in his New Year message.

### **Novelist Denies NSP Charges on Trip North**

SK2205081389 Seoul YONHAP in English 0629 GMT  
22 May 89

[Text] Tokyo, May 22 (YONHAP)—South Korean novelist Hwang Sok-yong, who faces arrest in his homeland for making an unauthorized trip to North Korea in March, has called the South Korean intelligence agency's charges against him a concoction of "absurd slanders and tricks."

"The announcement of the Agency for National Security Planning [NSP] on May 2 is full of absurd slanders and tricks to fake an espionage ring," Hwang said in a statement made here prior to his departure to Frankfurt, West Germany, and released Monday.

He said his Pyongyang trip was "almost publically" known to people, including security agents, and that confiding the plan to Yi Chong-chan, secretary-general of the government party, was a notification to the ruling camp in case of just such a situation after the trip.

Hwang left for Germany Saturday after the Japanese Government refused to extend the period of his stay in Japan, where he had been since the controversial journey writing a book on his experiences in North Korea. He had entrusted the statement to a Japanese professor.

Contrary to the government announcement, he did not ask Chong Kyong-mo or Ryosuke Yasue, a Japanese publishing house executive, to arrange the Pyongyang trip, he said.

Touching on dissident Pastor Mun Ik-hwan's visit to Pyongyang at the same time as his own trip, Hwang said, "I support the Rev. Mun's visit to North Korea but think the timing was a little bit early. I warned him not to accompany Yu Won-ho for fear that the authorities would make a problem out of such company."

The Korean Government threatens to arrest Hwang on charges of violating the National Security Law upon his arrival in Seoul. Rev. Mun and other people on the North Korean trip are already behind bars on the same charges.

### **North, South Citizens To Attend U.S. Meeting**

SK2605015689 Seoul THE KOREA HERALD in English  
26 May 89 p 3

[Text] Washington (Yonhap)—Four north Koreans will attend a Christian academic seminar opening June 1 at the College of Saint Elizabeth in New Jersey.

The north Korean participants at the three-day seminar will include Prof. Pak Sung-tok of the Institute of Chuche Idea affiliated with the Academy of Social Sciences, Prof. No Chol-su of the same institute, Pak Yong-su, vice director of the institute and the Rev. Yi Chol of the north Korean Christian Federation.

Six south Korean theologians have also been invited. But only two of them will attend the meeting, it was learned.

The participants will discuss north Korea's "chuche" (self-reliance) idea and popular theology, according to seminar organizers.



**U.S. Army MP's Allegedly Beat Tongduchon Residents**  
*SK2605033589 Seoul HANGYORE SINMUN in Korean*  
23 May 89 p 10

[Report by Pae Kyong-nok and Sin Tong-myong from Tongduchon]

[Text] At around 0430 on the morning of 21 May, on a street in front of the Tongduchon branch of the National Agricultural Cooperative Federation at Posan-tong, Tongduchon, 30 military policemen [MP] of the U.S. 2d Division threatened residents there, who were protesting a violent incident committed by U.S. soldiers against Koreans. The MP's threatened the residents with pistols and randomly wielded batons at them. As a result, a front tooth of Mr Hong Yong-pyo, who is 27 years old and who is living at 68 Sangpae-tong, Tongduchon, was broken; the surface of the back of his head was injured; and all in all, approximately 10 residents were injured.

According to Mr Hong and other residents, when at around 0410 that morning Mr Hong, who was returning home after drinking with his friends, tried to prevent a black U.S. soldier from harassing a female passer-by in her twenties in front of the bar called "Flame" near the Tongduchon branch of the National Agricultural Cooperative Federation, this black soldier swung his fist at Mr Hong and fled toward the front gate of the military unit, 100 meters away.

Two U.S. MP's, who came to the scene upon the notification by residents there, pulled their pistols and threatened Mr Hong and other people. When, enraged at this, approximately 100 residents protested this, the MP's wielded batons, injuring Mr Hong. Also, approximately 30 U.S. MP's came along with two military dogs and were pitted against the residents for approximately 20 minutes.

When the residents protested the violent action by the U.S. MP's, they wielded batons and fists, randomly kicked the residents using their combat boots, and fled toward their military unit. In this process, approximately 10 people were injured.

**U.S. Soldier Accused of Injuring Farmer**  
*SK2605013089 Seoul THE KOREA HERALD in English*  
26 May 89 p 3

[Text] Chonju, Chollabuk-to—A U.S. serviceman was indicted by the prosecution Wednesday on charges of firing an air gun at a Korean farmer and injuring him.

Sgt. John D. Wilson, 26, of Henderson, N.C., is accused of firing a pellet from an air gun at Yun Chon-ho, 33, a farmer, on Feb. 20 at Kunsan, a port city in this province.

Yun was slightly injured in the thigh when he tried to stop Wilson from aiming the air gun at two women passers-by, investigators said.

Yun reportedly climbed to the veranda on the second floor of Wilson's rented house in Sanbuk-tong, Kunsan.

Authorities claimed jurisdiction over the serviceman because the shooting was not considered accidental.

Wilson is being held at Kunsan Air Base pending the outcome of investigations by U.S. and Korean authorities.

**Daily Views Chondaehyop's Anti-U.S. Struggle**  
*SK2605123589 Seoul CHOSON ILBO in Korean*  
24 May 89 p 2

[Editorial: "Anti-U.S. Sentiment That Invites Anti-Korean Sentiment—What in America Are They Opposed to and Why?"]

[Text] The National Council of University Student Representatives [Chondaehyop] designated a week, beginning 22 May and ending 27 May, as a "Week of Anti-U.S. Struggle" and has now launched a movement throughout the country. The goals that Chondaehyop seeks in the anti-U.S. struggle are: To have the United States apologize for having controled the Kwangju incident from behind the scenes, to force the U.S. troops stationed in Korea to withdraw, to persuade the United States to stop putting pressure on Korea to open up its markets, and to call on the United States to stop interfering in the internal affairs of Korea.

On the first day of the "Week of Anti-U.S. Struggle," students at Kyonghui University reportedly spread a large-size imitation of the U.S. flag over the pavement in front of the school gate and urged students and vehicles passing by in slogans: "Trample on the Stars and Stripes." Also, Chondaehyop, after designating 23 May as "the Day for the Millions of Fellow Students to Indignantly Rise Up in an Anti-U.S. Struggle for National Salvation for the Defense of Democracy and in an Anti-U.S. Struggle for National Salvation," held rallies in 11 cities, including Seoul.

Chondaehyop has added such goals as forcing the U.S. troops stationed in Korea to withdraw, forcing the United States to cease pressuring Korea to open up its markets, and forcing the United States to stop interfering in the internal affairs of Korea to the goal of unveiling the true cause of the Kwangju incident.

A more fundamental issue raised by Chondaehyop is that the student organization accused the United States of being a country chiefly responsible for the division of our fatherland. It also accused the U.S. forces of having turned into occupation troops, calling the Soviet troops "liberators of the Korean people." In addition, the student organization said that whereas the Soviet troops had returned home after liberating Korea, the U.S. troops have stayed and have continued their pressure on us.

Some insisted that they are against the United States because it has supported and abetted the South Korean fascist military dictatorial regimes in succession. The logic of the students engaged in an anti-U.S. struggle seems to be that the United States has continued occupying a part of our country after dividing it and unilaterally oppressing us.

However, the ultimate goal Chondaehyop seeks to achieve in its anti-U.S. struggle must be construed as a move to force the U.S. troops stationed in Korea to withdraw. Conscious of the impact its call for the withdrawal of U.S. troops will have on the psyche of the general public, which is sensitive about national security affairs, the student activists base themselves on the historical background of ROK-U.S. relations as a whole in championing the cause of anti-U.S. struggle. Nevertheless, it is self-evident that its goal is to remove the U.S. troops stationed in Korea by describing them as a force that stands in the way of reunification. This kind of rhetoric stands to reason if it comes from the group of communists in North Korea that has unsuccessfully attempted to reunify the South by force based on the theory of "national liberation."

However, from the viewpoint of the ROK and its people, who find it their first order of the day to oppose the communist dictatorship in North Korea, the United States is the liberator that has crushed the Japanese colonial rulers; an ally that has helped our country rebuild itself; an advanced country that has taught us democratic ideals and what system we ought to choose; and an aide who has helped us develop our economy; not to mention that it is a market that buys our goods. A serious problem we have to give thought to is: What does the presence of U.S. troops stationed in our country mean to us at this juncture, not the bygone days.

Unless our people unanimously view the stationing of U.S. troops in our country as an obstacle to reunification, in whatever form it may be, and as long as our people are of the opinion that the U.S. forces stationed in our country are playing the tentative role of contributing to stability on the Korean peninsula, we are in no position to emotionally espouse the anti-U.S. sentiment. We are in need of a mature aplomb to resign ourselves to "inconvenience" and control "emotion" that can seize us from time to time, if it is necessary for our national interests. It was none other than the provocation of the Kim Il-song group that called back into South Korea the U.S. troops after their withdrawal. Also, there is no denying that even today it is the military threat posed by North Korea that justifies the presence of U.S. troops in our country.

Even communist China, not to mention Japan, which had a hard time due to U.S. nuclear bombs dropped on its land, and West Germany, need the United States in this context. However, when it comes to U.S. arrogance and unfair pressure, these countries justly criticize the

United States for its arrogant attitude and unfair pressure without fail and stand up to it. No citizens and students in these countries become the captives of uncontrolled emotion like our citizens and students, who catch the United States by surprise by shouting, "Wretched Americans, go home," or throwing firebombs, or stomping on the Stars and Stripes.

If you hurt other people's feelings, you cannot protest when they hurt you in return.

Such unpolished agitation and propaganda as "Let us live in our own way after driving the wretched Americans out of this country," which is patterned after those of North Korea, will only invite the other party's anti-Korean sentiment.

**Growing Trade With China Under Assessment**  
*SK1105055089 Seoul THE KOREA TIMES in English*  
11 May 89 pp 8, 9

[First Installment in three-part article highlighting economic and financial systems in China as well as Sino-Korea relationship by staff reporter Yi Chang-sop]

[Text] Hong Kong—Korean furniture maker Borneo International's plan to put up signboards in China was politely turned down by Beijing last year.

Daewoo Corporation established Seoul's first joint venture in Fujian Province last year. But a total of 300,000 refrigerators rolling out of the factory cannot bear Daewoo's logo or any indication of Korea's technological marriage with the cheaper labor force in China.

Several conglomerates including Lucky-Goldstar and Samsung have liaison offices in Beijing. But all of them are offshoots of subsidiaries of the Korean business groups in third countries including Hong Kong. Names of these liaison offices do not indicate their connections with Korean parent firms. These offices are regarded as Hong Kong companies. Beijing does want Korean firms to do business anonymously.

These are prime examples of legal, institutional, commercial and psychological barriers many Korean businesses and executives are facing in China due to lack of diplomatic ties between Seoul and Beijing.

The maximum length of time a Korean visitor can stay in China is three months. Koreans can not open representative offices there. Korean executives are beset with the specter of possible expropriation or unfavorable tax treatment in the absence of a Sino-Korea tax treaty or agreement for mutual protection of investments.

The bulk of made-in-Korea products are not allowed to be shipped directly to China. All trade-related documentation and financing must be made in a third country, mostly in Hong Kong and Japan.

Chinese businessmen seem to be taking advantage of Korean enterprises' unfamiliarity or eagerness to trade with China. They are said to be imposing unrealistic contract terms on Korean investments. Korean firms have been sometimes offered a list of hand-me-down projects, rejected by other foreign partners.

Despite such difficulties, Korea-China trade has been expanding at a faster pace. Just ten years ago, the two-way trade totalled \$120 million. But Korea's trade with China topped \$3 billion last year.

Last year, Korea's trade with Communist countries was estimated at \$3.7 billion, out of which 85 percent was accounted for by two-way trade with China.

In fact, Korea and China are ideal trading partners. Korea buys raw materials from China, which in turn imports machinery or electronics products and introduces middle-level technology from Seoul.

The complimentary nature of the two economies and the fact that China is very close to Korea is too strong to prevent trade from growing despite the huge political difference, said one British banker here.

Last year, the two countries entered the lists of each other's top ten trading partners, well ahead of Sino-Taiwan or Sino-North Korea trade volume.

Governments of both countries have adopted measures to facilitate and increase economic exchanges. About 300 Korean executives are said to visit China each month. A similar number of Chinese officials and people are believed to be visiting Korea each month, according to a Korean businessman in Beijing.

Seoul sent a heavyweight team of officials, bankers, and businessmen to Beijing last week for the Asian Development Bank meeting. Only five years ago, a meeting between senior officials of two countries would have been considered a "triumph."

Many Korean conglomerates and small-sized enterprises are said to be conducting feasibility studies to set up joint venture operations in China.

For example, Hyundai Motor is planning to build a joint venture assembly line in Hubei Province with a Chinese partner at a cost of approximately \$300 million. Kia Motor is believed to be near an agreement with a public corporation in Yantai, Shandong Province, to establish a passenger car, microbus and truck producing joint venture.

Daewoo is reportedly discussing the construction of oil refinery and petrochemical joint ventures in China, many foreign bankers here said. Sangyong Securities is said to be negotiating with the Bank of China to set up a joint venture in Hong Kong.

Orion Electric Co., a subsidiary of the Daewoo group, is building a plant to manufacture color TV tubes in Kumi, Korea in a joint venture with a Chinese partner, they said.

The equity venture is expected to produce 3 million color TV tubes annually for export to China and marks the first time that Chinese investors have set up a joint venture in Korea.

But many bankers said both Korean executives appear to be becoming cautious and serious about investment in China because they have come to realize that they must brave many legal, institutional, and taxational [word as published] barriers in China.

"They (Korean business executives) seem to be tempering their China fever with realism," said a banker at the Standard & Chartered Bank.

Over the years, both Korea and China have moved too quickly and this year, they may enter a cooling-off period, he noted.

Bankers here stressed that future of Sino-Korea cooperation is far from bleak. Optimists here said even normalization of diplomatic ties is only years away. The opening of a direct air route and mutual exchanges of promotional trade offices are likely before the end of this year, they predicted.

One Korean banker warned, however, "We (Korea) should not become over-anxious for quick results." He added that some Korean executives overemphasize and dramatize the difficulties they face in China and others oversimplify the whole picture of China.

#### **Banks Seek Offices in China**

SK2505000989 Seoul THE KOREA TIMES in English  
12 May 89 p 6

[Second Installment of article by staff reporter Yi Chang-sop]

[Text] Hong Kong—Banking hours vary from one area to another and from one bank to another. All banking business is documented by handwriting and calculation is made through abacus. Electronic clearing systems are yet to be installed in Chinese banks.

Over the past few years, China has made efforts to reform and re-organized its backward banking system to create favorable conditions for the country's economic modernization plan. Efforts are being made to introduce modern banking technology and systems, partly by encouraging competition in certain sectors from foreign and joint venture banks.

In five key cities, state-owned local financial institutions have been permitted to raise funds by divided-bearing stocks and bonds to other businesses and to individuals.



In addition, local branches of the state specialized banks may issue savings bonds to the public to finance loans to enterprises. The eventual aim is to develop this approach in all major cities and strengthen financial ties while retaining overall central control.

But these reform efforts are slow to appear. Although China allowed banks to bear the risks of any loans, much of them are directed by the government to socially and politically desirable projects without due regard for the economic risk involved, said a foreign banker in Beijing.

China's central bank is the People's Bank of China, which is a government body under the State Council and exercises central supervision over the country's banking system. The Bank of China specializes in foreign exchange business and handles all transactions related to trade and investment.

China International Trust and Investment Corp. (CITIC) is authorized to loan foreign currencies and is in charge of organizing and facilitating cooperation with overseas companies in joint ventures.

China regards overseas banks as a valuable source of foreign currency finance for investment projects as well as models to use for the modernization and upgrading of its own banking sector. Such banks are also able to introduce their own corporate clients to the investment and trade possibilities available in China.

As a result, the Chinese authorities have permitted overseas banks an increasingly large framework of operations within the rational economy.

A small number of foreign banks operate branches in China. They are however, not permitted to handle Renminbi (People's Currency) and, therefore, do not compete with the domestic banks for loans and deposits from state and collective enterprises.

Establishment of new foreign bank branches has currently been allowed in four special economic zones, including Shenzhen and Zhuhai in Guangdong Province.

A few Korean banks are seeking to set up office in China to backup the growing two-way trade between the two countries. Until now, Korea Exchange Bank has agreed an agreement with Shenzhen branches of the Hong Kong Shanghai Bank and the Standard Chartered Bank, allowing Korean and Chinese companies to open letters of credit and import-export contracts through these banks.

Hanil Bank, Cho Hung Bank, Bank of Seoul, Korea Exchange Bank, Korea First Bank and Commercial Bank of Korea have signed exchange contracts with Hong Kong Shanghai Banking Corp. and Standard Chartered Bank in China, as well as with the Hong Kong branches of the China and South Sea Bank and the Bank of Communications of China.

China has adopted a policy of unified management and centralized control of foreign exchange. The State Administration of Exchange Control (SAEC) executes China's foreign exchange policy.

As the Renminbi is not a convertible currency, domestic sales cannot in themselves generate foreign exchange. This factor frequently creates the single most difficult operational problem facing foreign investors in China today, a foreign banker in Beijing said.

Although special undertakings have been made to help foreign investors remit their share of profits out of China, current legislation affords them no guarantee of the availability of the necessary foreign currency.

#### Trade Statistics Given for 1988

SK2505003889 Seoul THE KOREA TIMES in English  
13 May 89 p 6

[Third and last installment of article by staff reporter Yi Chang-sop]

[Text] China has set a goal of attaining a total annual trade turnover of \$160 billion by 2,000.

Traditionally China has been extremely self-reliant, with foreign trade accounting for under 5 percent of its gross national product.

The underlying philosophy, which still pertains today, is that imports should be paid for from earnings created by exports and the most desirable situation is for an equal balance between the two.

China is striving to achieve this import-export balance on a bilateral basis with her trading partners, occasionally complaining when some countries, such as Japan, run up huge surpluses on the account, according to an expert on China at the Standard Chartered Bank in Hong Kong.

In early 1986, China expressed her intention to join GATT. Observers are of the opinion that, since most GATT members already grant most-favored-nation status to China on a bilateral basis, greater market penetration is unlikely to result from China's joining the Geneva-based organization.

One foreign banker in Hong Kong said China will, however, gain access to GATT mediation and review organs and become eligible for entry into the United States Generalized System of Preference.

From 1952 to 1978, broadly speaking, all trade in China was handled by about a dozen foreign trade corporations. Exports were normally handled only at the twice-yearly Chinese Export Commodities Fair in Guangzhou and imports by invitation only in Beijing. This system was inefficient and wasteful, since the end-user and supplier rarely had a chance to meet face-to-face.

The restructuring of this system began in 1978 and it is now well along the way, according to a foreign banker in Beijing.

The ultimate aim is to make the bulk of China's industrial and commercial enterprises responsible for their own profits and losses and to encourage them to deal directly with their foreign counterparts. The role of the government is changing, from actually operating the system to regulating and administering it.

In essence, China is endeavoring to extricate the bureaucrats from commerce and industry, allowing businessmen and technicians to take over instead, he said.

In line with these radical reforms, China has not been slow to adopt western business concepts, such as marketing, advertising and public relations practices, all of which are now fast-growing sectors.

Relaxation of travel restrictions within China has been a major step forward, allowing foreign businessmen easier access to Chinese firms. China is opening dozens of trade promotion offices overseas.

The principal Chinese exports to Korea are coal, oil, lumber, minerals and grains. The United States is deeply worried over Korea's switching its grain imports to China from its buyers.

Principal Korean exports to China are industrial and consumer goods such as TV sets, steel and refrigerators.

Korea has registered a chronic trade deficit in dealing with China, ranging from \$33 million—\$112 million between 1982 and 1987. Last year, Korea posted a surplus in trade with China, amounting to \$383 million, according to the Bank of Korea. In 1985, Korea also recorded a surplus of \$106 million in its trade account with China.

The Bank of Korea reported Korea's trade with China consisted of \$1,224 million in exports and \$841 million in imports last year, giving Korea a \$383 million surplus. But total trade volume in 1988 was believed to have topped \$3 billion if statistics include the volume of indirect trade. Given the lack of diplomatic ties between the two countries, analysts say the calculation of bilateral trade levels is particularly difficult.

The eight-month-old economic austerity program calls for a reduction in imports of unnecessary light industrial products. According to a Korean businessman in Beijing, all imports of light products were postponed at least until the second part of this year.

In this regard, Korea-China trade volume is likely to decrease this year.

**Kim Yong-sam Holds Meeting About Soviet Trip**  
*SK2405012089 Seoul THE KOREA HERALD in English 24 May 89 p 2*

[Text] Kim Yong-sam, president of the Reunification Democratic Party, yesterday met with leaders of the nation's major economic organizations to exchange views on prospects for economic relations between Korea and the Soviet Union in the wake of his planned visit to Moscow early next month.

At the working breakfast meeting with local business leaders at the Seoul Plaza Hotel, Kim shared the view that Russo-Korean economic relations should be promoted for mutual advantage and pledged to work to that end.

On hand at the early morning meeting were Kim Sang-ha, president of the Korea Chamber of Commerce and Industry; Yu Chang-sun, chairman of the Federation of Korean Industries; Nam Tok-u, chairman of the Korea Foreign Trade Association; Hwang Sung-min, president of the Korea Federation of Small Business; Yi Tong-chan, president of the Korean Employers Association; and Sin Pyong-hyon, president of the Bankers Association of Korea.

The Federation of Korean Industries, for instance, tried in vain to dispatch a high-powered economic mission to the Soviet Union last April following the strained domestic political climate in the wake of the unauthorized trip to north Korea by the Rev. Mun Ik-hwan.

**Ministry Reports on East Bloc Contacts**  
*SK2305130789 Seoul YONHAP in English 1242 GMT 23 May 89*

[Text] Seoul, May 23 (YONHAP)—The government intends to hold talks with the Soviet Union to return Korean residents in the Soviet Island of Sakhalin on a governmental or Red Cross level.

The Foreign Ministry, in a report submitted to the National Assembly on Tuesday, said that the Soviet Union has recently expressed its willingness for direct negotiations with the Seoul government on the returning of Koreans living in Sakhalin.

The Soviets thus far had refused to discuss the issue with Seoul citing that "the issue should be discussed only with North Korea as no Korean residents want to go back to Seoul."

The Soviets have also allowed an increasing number of Korean residents there to visit South Korea, the ministry's report said.

Taking such changes into account, the government will pursue to hold direct negotiations on the issue with the Soviet Union.

The government will also seek the help of Japan which is responsible for the forced settlement of Koreans in Sakhalin during World War II, the report said.

The report said the Soviet Union has proposed that the Governments of South Korea and the Soviet Union allow their trade offices in Seoul and Moscow to perform consular functions.

China also has suggested that the non-governmental organizations be given the right to issue visas, the report said.

The report also said that high-level contacts are under way in third countries for establishment of diplomatic relations with Poland and Yugoslavia.

Bulgaria is expected to exchange trade offices with Seoul during the first half of this year for the fifth time as a socialist nation, the report said.

Another ministry report to the parliament said 2,318 passports were issued during the first three months of this year for travelling to communist nations. The number is a 373 percent increase over the same period last year.

The report said 316,212 passports were issued through April since the liberalization of overseas travel began Jan. 1, marking a 138 percent rise over the same period last year.

It also said the government is pursuing conclusion of agreements on visa exemption, extradition and salvage at sea with Japan.

#### **More Diplomatic Ties Sought**

*SK2405011889 Seoul THE KOREA TIMES in English*  
*24 May 89 p 2*

[Text] The government is pushing to set up diplomatic ties with Poland and Yugoslavia within this year. Foreign Minister Choe Ho-chung revealed yesterday.

Testifying before the Diplomacy-unification session of the National Assembly, Choe said that officials at overseas Korean missions are gearing up their efforts for high-level contacts with the Eastern European countries.

Korea established formal relations with Hungary last February, as the first fruit of its "northern policy."

Choe also disclosed that the Soviet Union has expressed its hope to open residential offices for shipping, aviation, fisheries, journalism and trade in Seoul.

#### **Investment in Communist Countries Increasing** *SK2605015089 Seoul YONHAP in English 0138 GMT* *26 May 89*

[Text] Seoul, May 26 (YONHAP)—Growing numbers of South Korean firms are seeking investment opportunities in communist countries despite the absence of agreements that would protect their money.

Seventeen companies have submitted 21 investment applications worth more than 1 million U.S. dollars each since April, when the approval of such investments was made mandatory, a government official said Friday.

The mandatory approval system was introduced to minimize the risk of losing invested capital in communist nations. Except for Hungary, South Korea has no diplomatic ties with communist nations.

China topped the list of countries attracting Korean capital with 10 projects, while the Soviet Union and Vietnam have one project each, said the official who declined to be named.

Firms hoping to make inroads into those countries include Samsung Electronics Co. and Sidae Trading Co., which is waiting for approval of five investments.

Another 27 firms have made inquiries about investing after exchanging views on business possibilities with prospective partners in communist nations, he said.

Up to the end of last year, the Bank of Korea had allowed 11 investments in China and one in the Soviet Union.

Government sources say investments are increasing faster than official figures show because investments of less than 1 million dollars, which Korean businesses prefer because of the investment risk, are not counted.

#### **Unlawful Practices by Foreign Firms Alleged**

*SK2105021889 Seoul THE KOREA TIMES in English*  
*21 May 89 p 8*

[Text] The government plans to work out measures aimed at strictly regulating illegal and irregular business activities by foreigners, ahead of the drastic market opening to foreign investors in industry, advertising and tourism agencies, cosmetics and pharmaceutical wholesalers.

A senior official at the Finance Ministry yesterday noted the unlawful practices by some foreign businessmen, who had disguised their business activities to evade tax.

Many service firms, including insurance, advertising and tourism agents, are expected to penetrate into the country in the days ahead, the official said.



"We believe they (foreign investors) will engage in sound competition with their Korean counterparts and among foreigners as well," he said. "But we cannot exclude the possibility of unfair business practices."

"We are going to closely watch all investors to see whether they are abiding by the pertinent laws and regulations," he went on. "Those who are camouflaging their activities to make illegal money and those trying only to gain windfall profits by speculative investment will be subject to stern punishment in accordance with the laws concerned."

Those dodging taxes will be thoroughly traced and heavier taxes will be imposed on them, he disclosed.

According to a recent report by the Office of National Tax Administration, more than 30 percent of investment here by Korean residents abroad is learned to have been used for speculative investment in securities and real estate.

In addition, the tax office levied 2.8 billion won in tax on a branch of a European firm in tax, saying that it had evaded tax from 1983 even though it had engaged in the wholesale business after registering the branch as a broker office. [sentence as published]

The tax office has taken action to confiscate the property of the branch and to ban the head of the branch from leaving the country.

The firm raised objections to the allegation, but the tax office is to conduct a tax investigation with regard to its business activities during the 1984-88 period.

**Foreign Ministry To Establish New Bureau**  
SK2405010389 Seoul THE KOREA TIMES in English  
24 May 89 p 2

[Text] The Foreign Ministry plans to establish a bureau commissioned to handle disarmament, national security and inter-Korean issues, according to its report to the National Assembly Foreign Affairs-Reunification Committee yesterday.

The bureau, if and when set up, will review international trends in detente and devise new diplomatic overtures.

The ministry has earlier asked the Administration Reform Commission, a provisional presidential advisory body, to recommend that President No Tae-u authorize the plan.

In this regard, a senior source said that the ministry would establish one more assistant ministership in charge of disarmament and long-term diplomatic policies.

The report also said that passports issued during the first quarter of this year numbered 242,000, a whopping jump of 246 percent as compared with the same period of last year.

The gain is chiefly attributable to the government's liberalization of overseas travel.

Of them, passports for tourists to socialist countries, totaled 2,318 for a steep 473 percent rise over last year.

**Hearing Held on Status, Future of Expatriates**  
SK2605021289 Seoul THE KOREA HERALD in English  
26 May 89 p 2

[Text] A public hearing on the status of expatriate Koreans and their future was held at the National Assembly yesterday.

Among the panelists attending the hearing session organized by the parliament Standing Committee on Diplomacy and Unification were Prof. Paek Chung-hyon of Seoul National University, attorney at law Ha Sung-hon, Prof. Yi Kwang-kyu of Seoul National University, Kim Kyong-chae, a Seoul district chapter chairman of the opposition Party for Peace and Democracy, and Yi Tu-hun, chairman of the Korean Separated Families in the Soviet Union and China.

Panelists stressed the need for systematic and effective support for Korean overseas residents who have thus far been neglected on a governmental basis.

How to improve the legal status of expatriate Koreans in Japan, in particular, was discussed seriously among the panelists.

The parliament standing panel will summarize opinions and suggestions made by the panelists during the public hearing session and refer them to the government to have them reflected on the government's overseas Korean management policies in the future.

**Parties Reach Agreement on State Subsidies**  
SK2605024489 Seoul THE KOREA TIMES in English  
26 May 89 p 2

[Text] The ruling and three opposition parties finally agreed to increase the state subsidy to political parties to some 10 billion won (about \$150 million) from the current 1 billion won.

The secretaries general of the rival parties reached the agreement in a meeting yesterday, narrowing differences over the size of the yearly state subsidy for the operation of the political parties.

The 10 billion-won state subsidy agreed upon by the rival parties is based on the calculation of 400 won per constituent. Total eligible voters are estimated at 28 million.

A full 40 percent of the state subsidy will be distributed equally among political parties having more than one Assembly seat, another 30 percent in proportion to the number of effective votes the political parties earned in the parliamentary elections and the remaining 30 percent in proportion to Assembly seats held by the parties.

Political parties will be allowed to form fund-collecting support committees for party headquarters, provincial branches, and local chapters.

Those support committees will be allowed to hold only "indoor" rallies to raise funds.

The Central Election Management Committee will be required to report at least once to the Assembly on the collection of political funds and distribution of the state subsidy.

**Parties Agree on Jail Term for Using Firebombs**  
*SK2405013289 Seoul THE KOREA HERALD in English*  
24 May 89 p 2

[Text] Ruling and opposition parties yesterday agreed that those who use firebombs will be jailed for up to five years. Those who produce, carry and use petrol bombs, they agreed, will be given up to two years in prison.

The interparty agreement was reached at the subcommittee of the National Assembly's Home Affairs committee that was reviewing the ruling party-introduced bill, tentatively named an Act to Prevent Destructive Activities.

The four rival parties, however, failed to agree on the most controversial clause of the bill that university faculty members who fail to report to police anyone attempting to use firebombs or possessing them should also be punished.

The nation's three opposition parties rejected the bill, claiming that the penalty clauses are "excessively extensive and harsh."

Opposition lawmakers charged that if the act went into effect as it was, it would lead to mass convictions.

They demanded that the penalties be drastically reduced.

The ruling party has strongly pushed for the bill prompted by the firebomb deaths of six policemen at Yonsei University in Pusan last month.

The day's Home Affairs committee meeting ended after the four political parties barely agreed to act on the bill during the current extraordinary National Assembly session that ends May 29.

At the Legislative Affairs-Judiciary Committee, the four parties agreed on an amendment to the Act on Summary Court procedures.

The amendment stipulates that a judge of a summary court will be prohibited from passing sentence when the defendant is absent.

The maximum jail term a summary court judge can call for, it said, will be reduced from the current 10 days to five.

**Daily Looks at Local Self-Government Issue**  
*SK2605010489 Seoul THE KOREA HERALD in English*  
26 May 89 p 8

[Editorial: "Local Self-Government"]

[Text] Representatives of the four political parties agreed yesterday on a principle and general timetable for introducing local autonomy by the end of 1991. Specific conditions and timing vary but they were one in calling for the election of local councils first, to be followed by the election of mayors, provincial governors and chiefs of other lesser local autonomous entities.

Local self-government has long been one of the major subjects of controversy between the ins and the outs. It had been suspended altogether during the Fourth Republic under its restrictive and authoritarian constitution. Since the coming into effect of the new basic law in late 1987, revival of local autonomy has been an immediate constitutional imperative.

All political parties in and out of power also shared a consensus that it should come in the near future. But the reinstitution of local self-government has been delayed by differences over the timing, scope and method of undertaking the required elections.

There is no room for doubt that popular vote on the choice of local councilmen and administrators is part and parcel of the representative form of government that is the basis of democracy. The constitutional stipulation and fundamental inter-party accord on resuming autonomy of local communities reflected this common awareness and belief.

Only some technical considerations over the dates and formulas of choosing those local officials led to the government's veto of earlier amendments to the existing Local Self-Government Law. Now that both the ruling party and the opposition camp have reached near final agreement on the matter, it will soon be cleared with the National Assembly and put into force.

In working out the schedule and procedures for local autonomy the advantages and disadvantages of having x-number of tiers of local assemblies should be weighed with circumspection. Provincial and municipal entities ought to have their own popularly elected chief executives and deliberative councils.

It is open to argument if the same should apply to the county embrace the divisive and particularistic interests of these lower-echelon administrative-political units presents a formidable challenge. [sentence as published]

Safeguards to ensure clean politics are most important for local elections. Small communities are more susceptible to narrowly based nepotism, favoritism and manipulation. Honesty in balloting and independence and fairness of public administration by locally elected officials are the main prerequisites.

For the sake of grassroots democracy local autonomy should be restored expeditiously but with a strong antidote to such undesirable side effects as perpetual and wasteful campaigns, influence-peddling and other corrupt practices.

**Court Orders Reelection in Western Seoul**  
*SK2605122789 Seoul YONHAP in English 1222 GMT  
26 May 89*

[Text] Seoul, May 26 (YONHAP)—The Supreme Court ordered Friday that a re-election be held in a parliamentary constituency in Western Seoul in a ruling that found incumbent lawmaker, Rep. Kim Myong-sop of the ruling Democratic Justice Party (DJP), of having staged an outlawed corrupt campaigning during general elections in April last year.

Kim had won over runner-up Yi Won-pom of the opposition Reunification Democratic Party by 31,888 to 31,423 votes in the constituency of Yongdeungpo.

Yi, defeated by a small margin of 465 votes, immediately filed a suit, in which he argued that Kim won by buying off votes and throwing cash gifts to voters.

With the court's ruling, re-election should be held within 60 days.

This is the second such ruling by the supreme court this year. A by-election was held in Tonghae city on the east coast in early April after the court ruled null and void independent candidate Hong Hui-pyo's victory for his mistakes committed in the course of withdrawing his membership from the DJP.

Meanwhile, Yi Won-pom's No. 2 opposition Reunification Democratic Party welcomed the court's decision as a "courageous" ruling.

**Declaration, Political Fund Testimony Examined**  
*SK2605012589 Seoul WOLGAN CHOSON in Korean  
Jun 89 pp 212-221*

[Article by WOLGAN CHOSON reporters: "Thunderbolt-Like Testimonies of Mr Chon's Associates—'The 29 June Declaration Is the Work of Chon Tu-hwan'—The Truth Behind the Allegation That 'He Transferred the Political Fund Amounting to 55 Billion Won to President No Tae-u' and that 'The Balance of Money Amounting to 13.9 Billion Won Is a Fabrication'"]

[Text] **The Truth of the 29 June Declaration, Seen From the Dark Side**

There have been controversies over the leadership of President No Tae-u, the highest authority responsible for state affairs. The conservative circles or circles that have a vested interest in maintaining the status quo criticize him, saying, "He is a person who does not know about moral obligations or who has no capabilities," or calling him "Empty Tae-u" or "Watery Tae-u." The dissident and student circles still use such expressions as "military dictator" and "head of a fascist regime."

Different people have different expectations from him depending on their standpoint.

These include: "He will reverse the situation to everyone's surprise after being dragged to the cliff," "He has nothing to show any more because he is out of resources," and "Just like a stag at bay is a dangerous foe, if a weak person like No Tae-u makes desperate efforts, many people will be hurt."

The 29 June declaration always becomes a central issue every time such controversies take place.

"He can do something because he is a person who took the biggest gamble in the history of Korean politics, called the 29 June declaration."

This statement always has persuasive power. This is because the 29 June declaration is the best measure for evaluating President No as a politician.

The 29 June declaration was the change by the dictatorial ruling circle of its own direction, rare in the history of the world, in view of the fact that it provided a basis upon which the Fifth Republic was kept from being destroyed and upon which its successor regime was born. If the 29 June declaration made it possible to achieve democracy in Korea and for the ruling class to again take power, the person who played a leading role in this declaration must have been a powerful, decisive man with political leadership. This is all the more true if, as history has written so far, No Tae-u, the then chairman of the Democratic Justice Party [DJP], took action alone.

The problem is that the 29 June declaration has been known very differently from what it really is. Therefore, it is wrong to evaluate No Tae-u as a politician and predict how he will exercise his leadership power based upon the 29 June declaration, whose truth has been distorted.

A member of President No's staff, one of the few people who know the truth of the 29 June declaration, told WOLGAN CHOSON reporters:

A woman looks most beautiful when she is wearing a bikini. Why do we have to take her bikini off? Is it not good to have a 29 June declaration clouded in mystery in our history rather than no mystery at all?



The WOLGAN CHOSON reporters could not but say, "It is the reporters' job to remove mystery by finding facts. Do you imply that we should not do our job?" President No and his close aides and the press, which covers those people as a major news source, have explained the 29 June declaration in certain ways. The WOLGAN CHOSON reporters were curious to know how former President Chon Tu-wan, who has not spoken out nor has been a news source in connection with the 29 June declaration even though he is a man very much connected with it, and his close associates will explain the 29 June declaration.

President No stands on the bright side of the 29 June declaration, and former President Chon stands on its dark side. Only when the explanations of the 29 June declaration, seen both from the bright and dark sides, match each other, can the 29 June declaration assume its true shape and can the people correctly examine Chon and No as politicians and human beings.

The "truth behind the 29 June declaration," as seen from the dark side, is as follows:

#### **The 29 June Declaration Began To Take Shape When a Plan To Declare an Emergency Decree Was Canceled**

Eighteen June 1987 was the day of destiny. The demonstration in Pusan was a turning point that made the June situation world news and that drove the regime to a corner at home. Citizens and students, whom the police estimated at 80,000 and whom the National Coalition for Constitutional Revision estimated at 300,000, completely occupied an approximately 4-km-long main street from Somyon of Pusan to Pusan Station, took control of the downtown area for approximately 6 hours, and were trying to approach Pusan City Hall with cars in front. This large-scale demonstration was shaking the regime at its roots.

Late at night that day, President Chon Tu-hwan phoned Kwon Pok-kyong, director of the National Police Headquarters, at his office. The president said, "Can the police end this situation?" Then, Director Kwon said, "I will try to hold out for another 3 days." The police had in store only 17,400 tear-gas canisters at that moment. A maximum of 8,000 tear gas canisters a day could be produced at that time. The police had used an average of 26,000 tear gas canisters a day during the June situation. It was learned that even though the police would be short of tear gas canisters, Director Kwon judged that the police would be able to hold out for another 3 days because, out of those days, 19, 20, and 21 June, 21 June was a Sunday.

At around midnight that day, President Chon ordered the high-ranking military leaders to prepare for an emergency decree. On the morning of 19 June, Chongwadae began to hint that an emergency decree would be declared on the afternoon of that day. Military units were seen moving toward the suburbs of Seoul.

For mixed reasons, it seems, President Chon decided not to declare an emergency decree even after seriously considering doing so. In addition to the fact that the police lacked confidence, the Defense Security Command, the DJP, and the government dissuaded him from doing so, and U.S. Ambassador Lilley, who visited President Chon for 2 hours at 1400 on the afternoon of 19 June carrying a personal letter from President Reagan, expressed his opinion that he opposed an emergency decree. Some other people interpreted this cancellation as a superior performance by President Chon of trying to soothe the situation by spreading rumors of an emergency decree.

Nevertheless, the plan to declare an emergency decree on the evening of 19 June was withheld, and this was replaced by a warning statement by the prime minister. An associate of former President Chon said, "The 29 June declaration began to take shape when a plan to declare an emergency decree was canceled." If an emergency decree could not resolve this situation, there was no other way but to resolve the situation using political power. This meant a constitutional revision in favor of a direct presidential system and the rehabilitation of Mr Kim Tae-chung.

#### **"President Chon Proposed First"**

A Chonwadae staff member and a minister of those days who asked not to be identified testified that on 20 June President Chon called No Tae-u, chairman of the DJP, in to Chongwadae to discuss this proposal.

"Let us accept the demand for the direct presidential election system. I will actively back up and support your election campaign."

It is said that on that day chairman No Tae-u did not accept President Chon's proposal readily, saying "I am not confident." Next day President Chon again called Chairman No in to Chongwadae and after more than 3 hours persuaded him to accept the proposal. At the meeting, President Chon and Chairman No reportedly agreed upon the two major subjects of the 29 June declaration which included the direct presidential election system and the reinstatement of Kim Tae-chung.

It seems that these facts were known to the world through Mr Chon Tu-hwan. In any case, for one week after that Chon and No pushed ahead in secret with drawing up the 29 June declaration. At that time, Pak Chol-on, then an assistant to the Agency for National Security Planning [NSP] director, and some of the DJP lawmakers were involved only in preparing the draft of the declaration. This notwithstanding Pak Chol-on and the DJP lawmakers have been regarded as the persons who were involved in planning the 29 June declaration from the beginning. Chon Tu-hwan's associates believe such a fact was an exaggeration.

It is said that President Chon secretly planned the 29 June declaration while leaving aides such as his chief secretary Pak Yong-su, senior secretary for political affairs Kim Yun-hwan, and NSP director An Mu-hyok out of his planning for the declaration. A person from Mr Chon Tu-hwan's side said "A person whom no one expected played the role of messenger." The person from Chon Tu-hwan's side added that "this messenger was a person who won the confidence of both Chon Tu-hwan and No Tae-u" and that "he was neither a former military man nor a government official." When this reporter asked if the messenger was Mr Yi Won-cho, DJP lawmaker and former superintendent of the Office of Bank Supervision and Examination, who has been the friend of both Chon and No since his high school days, the person from Chon Tu-hwan's side said "No."

This reporter knocked on the door of another source to find out more detailed information about the messenger and found that "the messenger was Mr Chon Chae-kuk," the eldest son of Mr Chon Tu-hwan.

This source who was one of Mr Chon Tu-hwan's right-hand aides clearly said: "Chairman No prepared the draft of the 29 June declaration in his own handwriting and reported it to President Chon. The draft of the declaration is now kept by Mr Chon Tu-hwan. I understand President Chon's notes of instructions to Chairman No in connection with the 29 June declaration, as well, have been kept by him. The truth of the 29 June declaration will be revealed by such material evidence."

President Chon thoroughly assumed double-dealing behavior for 9 days from the planning of the 29 June declaration to its announcement. A few days before 29 June President Chon called key persons from the DJP and the government in to Chongwadae. In the meeting he said: "Rumors prevail that I will accept the direct presidential election system. However, such a thing will never happen. You should not be disturbed by such rumors."

The day 26 June 1987 was the day of a great peace march. On that day a large-scale demonstration was staged throughout the country. It was Saturday. On that day President Chon and Mrs Yi Sun-cha had gone out separately. Later, the couple met at a safehouse near Chongwadae. Their eldest son Chae-kuk also joined them there. It is said that the outing of President Chon and his wife Yi Sun-cha on that day was nothing but a disguised action in a bid to maintain secrecy. Chon Tu-hwan and No Tae-u met in secret in a room of the safehouse. Mr Chon Chae-kuk, the eldest son of President Chon, was on hand to help record the content of the talks between them. It is said that the content of the secret talks at the safehouse was the draft of the 29 June declaration which was to be announced on Monday. It is said that the records of Mr Chon Chae-kuk have been maintained until now. The content of the 29 June declaration was made known in advance.

Only 4 or 5 of President Chon's associates sensed the preparations for the 29 June declaration. Mr L, who was a secretary at Chongwadae at that time and who sensed the preparations for the declaration said: "I already knew about the gist of the 8 points of the declaration on the morning of 28 June."

Thus, since a secretary already knew about the declaration, no one can believe that President Chon did not know about it until it was made public as has been clamored by President No Tae-u's associates thus far. In the morning of that day, Yi Pyong-ki, senior protocol secretary of the president, who was then an assistant to DJP chairman No Tae-u, was in the DJP headquarters. It is said that An Mu-hyop, director of the NSP, phoned Yi Pyong-ki, asking him to send one copy of the declaration. It is said that that evening Yi Pyong-ki sent one copy of the declaration to NSP director An Mu-hyok. There is no reason whatsoever why director An alone would be aware of the content of the declaration without reporting it to Chongwadae unless he attempted to stage an anti-Chon coup in collusion with chairman No Tae-u.

One of former President Chon's associates said: "On either 27 or 28 June one of President Chon's aides belatedly realized that the 29 June declaration was being prepared and advised President Chon to read the declaration before the people. However, President Chon refused. After that President Chon agonized for a long time over the problem as to whether or not he should deceive the people and history by making the 29 June declaration Chairman No's work. After all, President Chon justified his stand, believing that making the 29 June declaration Chairman No's work would be good for the democratization of the country and for the country and the people."

The 29 June declaration by party Chairman No, which was made public in the DJP office on the morning of 29 June, can be called a perfect drama designed to reverse the situation. With this, the ruling camp, which seemed to be driven up a wall, could provide a foundation for revival by fully accepting the demands of the people.

What succeeded this drama was the fresh shock generated while maintaining thoroughgoing public security. After declaring that he would resign from all public positions including the presidential candidacy, if his proposals are not accepted, Chairman No worshiped at the National Cemetery and the Hyonchung Shrine, thus dramatically showing his solemn resolution.

Chairman No gave the people an impression that he stood on the side of the people, being unable to remain patient any longer, and that he forced President Chon to surrender on the pretext of public opinion. Kim Yong-sam, president of the Reunification Democratic Party [RDP], said, "his declaration is a great decision" and even Kim Tae-chung, president of the Party for Peace and Democracy [PPD], commented, "trust in human-kind has revived."

The press report, if it is true, described that Chongwadae was driven into a great disorder as if it was afflicted with a surprise attack and was running about in confusion to decide whether it should accept the proposals of Chairman No or arrest him. The 29 June declaration was, in fact, a coup. Thus, it is quite natural for President Chon's Chongwadae to be enveloped in a great confusion.

#### **The 29 June Declaration Is Not No Tae-u Style**

However, the atmosphere in Chongwadae on the morning of that day was rather quiet. At the morning conference of senior secretaries, President Chon said to Kim Yun-hwan, senior secretary for political affairs: I think the party is now announcing something. Tell me about the contents of the announcement. Secretary Kim explained to him about the acceptance of the direct presidential election system and the policy for reinstatement of Kim Tae-chung among the eight provisions in the 29 June declaration. Most of the senior secretaries knew about the 29 June declaration for the first time only after that time.

Chongwadae Spokesman Yi Chong-yul said to the reporters that "President Chon has already delegated all rights to resolve the political situation to Chairman No. Therefore, if formal recommendations are submitted, they will be reviewed and disposed of." Spokesman Yi's immediate comment suggested that President Chon's side was already prepared for the 29 June declaration. However, this fact was covered up by the honor which the people bestowed upon Chairman No's splendid act.

When Chairman No was shaking hands with President Chon while visiting Chongwadae on the morning of 30 June, he said to President Chon, "I am sorry, your excellency." The reporters on the spot understood Chairman No's remarks to mean "I am sorry for announcing the 29 June declaration without notifying you in advance, your excellency." A secretary on the spot who knew about the progress and background of the declaration said that he understood Chairman No's remark to mean "I am sorry for taking all the credit, your excellency."

On the morning of 1 July, President Chon announced that he accepted Chairman No's 29 June declaration. An expert in the public information field of the government said: Seeing President Chon's statement of acceptance announced on 1 July without showing any confusion in the kernel part of the power, I thought that Messrs Chon and No had a mutual discussion in advance because the decision of such an important policy and preparation and announcement of the statement can hardly be accomplished within 48 hours.

A figure who knows both Chon and No very well, comparing the two, said: The two persons have very contrasting characters. As an officer in the army, when Mr Chon had spare time, he would buy dinner and drink

together with his men but Mr No would iron his trousers and stay in his quarters. Mr No has various hobbies and talents, such as singing songs, composing music, handling of musical instruments, and sports. But Mr Chon has a simple and clear-cut character, and did not pay much attention to such hobbies. As Mr No's nickname, Chayonpong [natural winner in a gambling game] indicates, he is acquainted with the method of following the created trend of a situation rather than making the decision independently. Therefore, such a great gamble like the 29 June declaration does not suit Mr No's personality.

A figure who served as a minister during the Fifth Republic stated that "such a great turning point like the 29 June declaration can hardly be made by a person with a common-sense character."

He further said: The two persons have maintained a partners' relationship for more than 30 years just like that of a pitcher and catcher. The one who always made a breakthrough in a difficult situation and pioneered the road was former President Chon and the one who always followed him was President No. It has been learned that the two persons mutually took over each other's post six times and Mr Chon was always in the position of turning over his responsibility while Mr No was in the position of receiving it. Mr Chon was in agony in connection with the issue of his successor but finally chose Mr No. I think this was prompted by Mr Chon's trust in Mr No which has been consolidated by their predestined partners' relationship. In other words, Mr Chon thought that if he turned over the power to Mr No, he himself would be safe.

#### **The Remaining Fund of 13.9 Billion Won Was a Concoction**

A close associate of former President Chon held that Mr Chon Tu-hwan played the role of a tree which "gives everything unsparingly" for President No. This remark means that former president Chon, just as he gave all the credit of the 29 June declaration to Mr No, collected the funds for the presidential election to support Mr No. Thus, he alone submitted to the people's denunciation against political funds.

Before and after 15 November last year, close associates of Mr Chon Tu-hwan, who was staying in his private residence in Yonhui-tong, were preparing a declaration which was quite different from the statement of apology made public by Mr Chon on 23 November. Some close associates of former President Chon, judging that the Chongwadae side was pushing former President Chon too hard, suggested that "they would frankly reveal what should be revealed." What they said they would "reveal" were the truth of the 29 June declaration and details about political funds. The rough figures of income and outgo of political funds which these associates had prepared were revealed by the reporters of WOLGAN CHOSON.



They are as follows: "Former president Chon created 200 billion won in political funds in 1987. He gave about 150 billion won to candidate No for Mr No's presidential election campaign. When former President Chon resigned, he handed over 55 billion won from the remainder of the political fund to President No. (This money was reported to have been used for the 26 April general elections.)

Former President Chon took custody of 8.9 billion won from political funds which he possessed while in the position of the chairman of the Advisory Council for State Affairs."

This bombshell declaration, so called by the press, was never made public at that time but the 23 November statement was put forth by almost fully accommodating the request of the Chongwadae side.

The statement of apology said that 13.9 billion won was in the custody of former President Chon. Immediately after the statement was published, rumors saying that the 13.9 billion won was the sum which included what was offered by Chongwadae, began to spread. A person related to this stated to the WOLGAN CHOSON reporters at that time as follows:

"When such a suggestion came from President No's side, Mr Chon's aides objected. But the Chongwadae suggestion was accepted, because former president Chon told them "to do whatever is suggested by them." Now the result is that President No's side is caught by one of the trap wires. The president's associates say that they will keep this secret at the risk of the regime's destiny. But, can they control the press as in the past? As a result, the trick they engineered has become mortal.

Another related person stated as follows:

"Originally, Chongwadae suggested that it would offer 10 billion won, and requested that the sum of the funds be announced as 18.9 billion won. Mr Chon's side suggested that what was on hand would be made public as "it was" but the Chongwadae side insisted that the "total must be over 10 billion won to make the people believe." As a result, the sum was eventually made up to 13.9 billion won by adding the 5 billion won offered by Chongwadae. The money which Mr Chon's side took to Chongwadae was exactly 8.9 billion won but Chongwadae added 5 billion won to this amount in turning the fund to the state treasury."

#### **Was the Offering of 55 Billion Won a Decoy?**

This person argued that "President No's personality is fully disclosed even in handling such a matter." Regardless of public opinion, the truth must be revealed. But the truth was distorted to deceive public opinion. This is not something that should be done by a leader. One who panders to public opinion is not a leader but a sycophant."

WOLGAN CHOSON reporters tried to confirm from President No's side the amount which Mr Chon's side was first going to announce. An aide-de-camp admitted the transfer and acceptance of 55 billion won as presidential election funds and as political funds but denied the offering of 5 billion won.

The fact that President No received 55 billion won of political funds from Mr Chon and spent the money in the 26 April general elections is very intriguing. The ultimate aim of the political investigation into former President Chon's irregularities is the political funds handled by the fifth regime. However, these political funds were jointly shared by and distributed between Chon and No, and President No has now come to sever relations with Mr Chon, because the political situation has changed. Mr Chon's side feels a sense of betrayal. It says that "there was a time when they were receiving help from us." An associate of Mr Chon said that "President No's side seems to have calculated that former President Chon, to defend the prestige of the former president, would never open his mouth on the political funds and on the 29 June declaration, no matter how hard he may be driven into a corner."

It seems that former President Chon tried to influence the DJP nomination of candidates for the 13th parliamentary elections with the transfer of 55 billion won of political funds as a decoy. In order to block this, President No's aide-de-camps postponed the general elections from February to April and turned the medium electoral district system into the small electoral district system, thus inviting the development of the political situation in which the ruling camp is smaller than the opposition.

An assemblyman, who is close to both Chon and No, said that "the sense of threat that former President Chon would exercise influence over President No, in the capacity of chairman of the State Advisory Council even after his withdrawal from Chongwadae, has served as a cause that has twisted matters." The explanation is that President No's side, in order to curb Mr Chon's influence, moved toward the direction of exposing through the press the irregularities committed by Mr Chon's associates and relatives, and created an uncontrollable situation and, as a result, it wasted the past year in the swamps of the Fifth Republic irregularities.

Then DJP Chairman No Tae-u, in his interview with NEWSWEEK held on 13 July 1987 after the publication of the 29 June declaration, stated that "I never consulted with the president before I made up my mind for the 29 June declaration. I was convinced that the president would accept my bid, but the course of making up my mind was a very lonely one."

An associate of President No stated: "According to what I have heard directly from President No, President Chon agreed on the direct presidential election system but disagreed on releasing Mr Kim Tae-chung. I have heard that, for 3 days immediately before 29 June, to prepare



for the 29 June declaration, then DJP Chairman No was even hiding himself when President Chon wanted to see him. I have heard that, among those central figures of the power circles, the only person who sided with President No was An Mu-hyok, then NSP director.

A politician of the ruling camp, who played the role of a bridge between the DJP and Chongwadae at the time of the publication of the 29 June declaration and who was reportedly aware of the preparations of the 29 June declaration, said: "It is certain that the 29 June declaration was not No Tae-u's solo act."

He stated: "I think it is meaningless to talk about which side has done more. By reading each other's mind, a consensus was reached on the necessity of adopting the direct election system and, then, agreement was reached on it, no matter who first proposed it. Therefore, both were winners. Presently, many of the aides of the two say that they were the ones who suggested the 29 June declaration. However, at that time, at Chongwadae, those who advocated the direct election system formed a stream."

An associate of former President Chon argued as follows:

"Only two persons, Chon and No, are qualified to disclose the truth of the 29 June declaration, and only President No is in a position to talk about it. It seems that President No has never spoken about the truth even to his associates. Maybe, he will speak about it only when he has finished his term. Sometime last year, when former NSP director Chang Se-tong mentioned the background of the 29 June declaration, former President Chon asked "how did you know that?" This means that former president Chon had never consulted even with his associates over the 29 June declaration."

President No's side has continued to give different explanations over the 29 June declaration. Immediately after the publication of the 29 June declaration, as was disclosed in NEWSWEEK, it was said that the 29 June declaration was completely an independent decision of No. However, afterwards, the explanations changed toward the direction of acknowledging the roles of former President Chon, saying that "the decision was pushed ahead by informing President Chon of it only a day before," and "consultation was made but agreement was reached only on the direct election system, and the reinstatement of Mr Kim Tae-chung was what Chairman No squeezed in against President Chon's objection."

An assemblyman of the ruling camp said: "Considering the relations of power at that time, it is nonsense to say that the declaration was No Tae-u's independent decision. And if it can be said that it was a joint effort of the two, it should be regarded as former President Chon's work, considering the relations of power at that time."

If the 29 June declaration was former President Chon's work, Mr Chon's role for democratization of Korea should be reevaluated. But, on the other hand, it is possible to assume that former President Chon had gone to Paektam temple, because he faced a counterattack from President No's side and the press, as a result of his self-conceit that he made candidate No Tae-u president through the production of the 29 June declaration and through the offering of the presidential election funds, and as a result of his attempt to maintain his influence even after his retirement based on what he has done for President No.

An associate of former President Chon made meaningful remarks: "We thought that the truth of the 29 June declaration would be disclosed only after several decades so that it can be correctly recorded in history. However, considering the behavior of President No's side these days, it seems that the day on which the truth would be disclosed is not very far away."

**House of Dissident Leader Reported 'Firebombed'**  
SK2405015089 Seoul THE KOREA TIMES in English  
24 May 89 p 3

[Text] The house of a dissident leader in northern Seoul was firebombed and stoned Monday evening, and one person was injured and part of the roof was gutted.

Kye Hun-che, a 68-year-old adviser to Chonminnyon (the National Alliance for Democratic Movement), said the attack on his Tobong-ku house came at around 9:40 p.m.

He was sleeping in a second-floor room when the firebombs and stones were hurled, according to Kye, and he and his first son Yo-Kon, 19, dashed out and saw the roof afire.

Shortly afterwards, several more stones were thrown in, one of which hit Yo-kon's shin, but the fire was brought under control in five minutes by the Kyes and their neighbors.

Informed that the attack was preceded by an anti-Kye slogan apparently shouted by "a number of" unidentified persons outside, the police are trying to determine who launched the assault.

**\* Export Slowdown, Domestic Demand Rise Analyzed**

**\* Recent Economic Trends**

41070095 Seoul SEOUL SINMUN in Korean  
10 Mar 89 p 5

[Article by Chae Su-in]

[Text] The economic trend in South Korea, marked by rapid growth led by exports, is now undergoing a major change.

Starting with the last quarter of last year as the turning point, the trend in export growth has been slowing down markedly, while steadily growing domestic demand is now becoming the prop which moves our economy.

In January of this year, the scope of our trade surplus shrank drastically to \$5 million from December's \$520 million (customs clearance basis); in February, too, the trade balance showed a deficit of \$270 million as of the 27th, but a last-minute surge in exports barely managed to turn the balance around to a surplus of \$105 million for the month, creating even a concern that the base of our exports might be in a state of flux. On the other hand, domestic demand grew during the first 2 months of this year at a rate 10 percent higher than what it was at the end of last year.

This means that our economy is continuing to grow but in a different sort of way through a balance in the mutually complementary relationship between the domestic demand and exports.

Until as recently as the mid-eighties, our domestic-demand base had remained meager due to a still modest scale of our economy in the first place and, in addition, to our total preoccupation with exports. Only when exports slackened off and general business conditions turned sluggish did the government resort to measures designed to buoy up the domestic demand as a means to ease the unemployment problem which also contributed to the fragile constitution and base of the domestic demand.

Other factors that had significantly stymied the growth of domestic demand were skewed investments caused by disproportionately heavy support given to export industries, the diminished merit of trading due to excessive reliance on Japan for capital and intermediate goods, and the practice of differential pricing—charging higher prices on the domestic market and lower prices for exports—applied to their products by major exporting industries.

However, in the course of rapid economic growth during the recent 3 years, domestic demand began to gain a capacity for spontaneous generation, ushering in a transition period in which a more desirable form of economic growth—balanced growth—is being realized with the domestic demand picking up the slack caused by stagnating exports.

According to the Bank of Korea's data on the percentage of contribution to economic growth attributable to domestic demand and exports over the past 3 years, exports outpaced domestic demand in 1986 and 1987 by contributing 54 percent and 50.5 percent, respectively, but the trend was reversed in 1988 when domestic demand outperformed exports by contributing 65.7 percent, and this new trend is expected to continue during the current year.

The turn toward a broadened base for domestic demand has been attributable basically to an improvement in consumption and investment, the two component elements of domestic demand. It goes without saying that such an improvement has been due to higher personal income generated by the high economic growth of the past 3 years.

Of course the high economic growth and higher personal income have been made possible by our export industries that have, by taking advantage of the favorable trading conditions created by the effects of three lows [low inflation, low energy price, and low won-dollar exchange rate], generated an influx of so much foreign currency—even more than the liquidity needs of the domestic market.

In a related development, although the benefits from it are confined only to some people, the enormous rise in stock prices and real estate values, touched off by the convergence in those areas of the monies from higher earnings, has increased the value of people's wealth even more than economic growth itself has done. This, coupled with rising wages, is fanning the increase in consumption.

Especially the upswing in wages, generated out of the labor-management disputes that have rocked the whole nation during these past 2 years, has in effect significantly broadened the base for domestic demand. Similarly, other developments such as a higher purchasing price, which exceeded the production cost, paid by the government for the fall grain [mainly rice] have provided additional impetus to this trend.

On top of all this, the base for domestic demand has been further strengthened by the wide-ranging investments made by the government before and after the last two major elections into such welfare sectors/programs as additional public facilities and programs to assist those on the lower economic rung of society.

According to the Economic Planning Board, the private-sector consumption has been on the rise: it increased 7 percent in 1987 and 8.1 percent in 1988. Likewise, according to the same source, the rate of increase in productive capacity owing to plant and equipment investment by manufacturing industries leaped from 11.1 percent in 1987 to 17 percent in 1988.

The base for domestic demand, already growing as noted above, is expected to be further solidified due to the changing economic conditions within and outside the country.

Of particular note is the continuing deterioration of conditions in the export business due to trade frictions arising from the protectionist tendency on the part of a number of countries including the United States and EC members; this is forcing our export industries to turn their interest toward domestic demand.

The profit margin of our exports has been greatly reduced by the appreciation of the won's value, caused by U.S. pressure, and what makes a bad situation even worse is that the won is appreciating much faster than the currencies of Japan and Taiwan, our export competitors. This makes things that much more difficult for our exporting businesses who are being compelled to diversify their line of exports or even to shift their business orientation toward the domestic market.

The yen's continuing strength is making it a matter of real urgency to turn to domestic production of parts and machinery which, heretofore, we have imported from Japan.

Furthermore, such other problems as the workers' demand for higher wages that exceed productivity, labor-management disputes, and the high cost of raw materials are making the going rough for our businesses, internally as well as externally. As a result, there has been a steady stream of bankruptcy cases involving marginal exporting firms and small businesses.

On the other hand, those businesses that are geared to the domestic demand are enjoying a relative boom thanks to the growing purchasing power of the people and the consumer drift toward luxury items.

Consequently, while the profitability of the exporting business is falling, that of the domestic demand-oriented business is on the rise.

According to a Bank of Korea analysis of corporate operations, the profitability of exporting industries fell from 4.2 percent in 1986 to 3.8 percent in 1987 while that of the domestic demand-oriented industries rose from 3.1 percent in 1986 to 3.4 percent in 1987.

As a result, the exporting firms are trying to develop high value-added products in order to increase their international competitiveness; at the same time, they are turning their attention to the domestic market as well.

Meanwhile, the demand by such members of society as the worker, the farmer, and the fisherman for compensatory consideration for the negligence they have suffered in the course of economic growth has become more vociferous since the beginning of this year. As things now stand the costs to either business or government regarding these claims will inevitably increase.

The wage increase for the worker, if it exceeds productivity, has a detrimental effect on the economic growth by destabilizing prices and diminishing the international competitiveness of our exports. On the other hand, because it leads to increased consumption, it also has a major salutary impact on the domestic-demand sector of our economy.

For its part, the government plans, during the current year, to spend 910 billion won from the national housing funds and 750 billion won from the private-sector housing funds to provide housing for 360,000 families of the urban poor; it also plans to expand the road pavement project at a cost of 860 billion won. In addition, the government has drawn up medium- and long-range plans that call for a total outlay of 16 trillion won between now and 1992 for the structural resolution of the problems plaguing fishing and agrarian villages. The increase in the middle-class sector of our society and the proportional rise in income of the people is another factor that is helping to strengthen the base for domestic demand.

The Economic Planning Board estimates that by 1993, when our per capita national income is expected to reach the level between \$7,000 and \$8,000, 60-70 percent of our people will belong to the middle class.

Some people's tendency to overestimate their economic standing, as was evidenced in a nationwide class-consciousness survey conducted last year in which 60.6 percent of the people rated themselves as belonging to the middle class on the basis of their occupation and income, is encouraging over consumption and a drift toward luxury, both of which have added to the growth of domestic demand.

It is thanks to the state of domestic demand as noted above—the broadening base and potential for further expansion—that the government, despite the fear of depression in some quarters which was prompted by the sluggishness of exports at the beginning of the year, is more optimistic about achieving the economic-growth goal set for the current year.

Nevertheless, many are saying that it is still premature to conclude that our economy has begun to enter a period of stability marked by a balance between exports and domestic demand.

Pointing out that, because our fast-growing economy placed our country in the black only 3 short years ago and because our domestic resources are meager, domestic demand, even though it is said to be growing, can pick up only so much of the slack caused by sluggish exports. They argue that economic growth will continue to have to be led by exports for the time being.

They also argue that in our country so-called domestic demand is a result of the export trade and the two cannot be separated, and that the notion of fostering the domestic-demand market without expanding the export trade is pregnant with many practical problems.

They acknowledged that in Japan exports account for some 10 percent of its economic growth at present with domestic demand contributing most of the remainder of the growth, and that the effects of the U.S.-pressured appreciation of the yen's value are being overcome by the domestic demand. However, they are quick to point



out the fact that it has been more than 20 years since Japan became a surplus nation. Thus, they say, it is irrational to make a hasty interpretation of our economic trend on the basis of Japan's case as a model. Some even say that it is difficult for the domestic-demand market to achieve sound growth because of the outdated distribution system, which is a structural problem of our domestic market, and of the limited competition due to monopoly and oligopoly by financial cliques.

Kim Chung-su, PhD (senior researcher at the KDI [Korean Development Institute]), pointed out: "Although at present both consumption and investment are proceeding on a sound basis and some of the enterprises, whose export competitiveness has been weakened by the rising won, are shifting their business orientation toward the domestic demand, it is still premature to think, based on an overestimation of the trade surpluses of the past 3 years, that our domestic demand is strong enough to make up for the export slack. Moreover, taking a segregated view of exports and domestic demand is, in itself, open to question." He then added that sustained economic growth can be achieved only through exports, and that the domestic demand, too, must be fostered through exports.

The Korean Chamber of Commerce and the Korean Trade Association, which represent the domestic demand sector and the export sector, respectively, are unanimously voicing the following view: For the long term our economy must proceed in the direction that will lead to a balance between the domestic demand and exports, which should be the underlying goal not only of the government policy but also of the business management. For now, however, given the deteriorating conditions for our export trade and the still weak base for our domestic demand, we cannot do without a strategy for exports-led economic growth, and as part of such a strategy we must try to regain price competitiveness by holding down wage increases to an appropriate level and to promote exports [to the United States] through circuitous routes via third countries. In contrast, there are many who hold the view that the trade surpluses of these past 3 consecutive years have given us enough in reserve with which to sustain the economic growth, that expansion of the base for the domestic demand not only invigorates consumption but also gives resilience to our export trade, and that, therefore, we should take advantage of the recent economic trend to continue to foster our domestic demand base so as to ensure our economy's resilience or adaptability—to build an economy in which exports and domestic demand can achieve a balance and complement each other.

The latter group argues that the domestic demand base needs to be expanded in the interest of easing trade frictions and other disruptive factors caused by our economy's excessive dependence on foreign markets, of redressing the imbalance between exports and domestic

demand exacerbated by disproportional support of the former for its promotion, and of maximizing the people's welfare which is the long-term objective of our national economy.

#### \* One Expert's View

41070095 Seoul SEOUL SINMUN in Korean  
10 Mar 89 p 5

[Commentary by Sim Sang-tal, PhD in economics, a member of the KDI's research staff]

[Text] The question of balance between domestic demand and exports has been raised anew. The argument favoring such balance seems to stem from the line of thinking that with the less than satisfactory state of export demands, more attention must be focused on domestic demand, and that the hitherto neglected domestic demand sector must be aided in order to eliminate the intersectorial disparity created by the exports-oriented growth strategy of the past.

This writer, however, believes that the current state of our economy is such that the time for a debate with the balanced growth advocates is already long past. For, whether we like it or not, our economy is already moving in the direction desired by those advocates of balanced growth. The current trends show that, on the one hand, our exports are slowing down due to the weakened competitiveness of our domestic products on overseas markets as a result of the appreciation of the won's value and the increased wage levels, but that, on the other hand, our domestic demand is expanding rapidly thanks to the higher levels of national income generated by the economic growth of these past years.

A tentative estimate of our national income for 1988 indicates that a greater share of the 12.1 percent growth in our 1988 GNP was contributed by the domestic demand sector rather than the export sector. Moreover, the surveys conducted by general economic papers have revealed a dominant view held within business circles that in 1989 it will be the domestic demand sector that will help sustain our economic growth. Thus, helped by the workings of market forces, the relative importance of our domestic demand is gradually increasing. In view of this, a more urgent question now seems to be how to expand domestic demand in order to prevent the deceleration of growth following a slowdown in exports, rather than how to maintain the balance between exports and domestic demand.

Some might argue that the same means employed in the past to foster growth of our export industries should now be used to provide special support to our domestic demand industries. But for a country whose economy is moving it toward becoming an advanced economic nation to resort to the same means it used while still a developing country would entail too high a price to bear. Under the present circumstances, when those countries—especially our major trading partners—which

used to pay little attention to the process of our economic development now constantly watch our every move with jealousy and suspicion, we cannot hope to get away with protecting our domestic demand industries and continuing to promote our exports behind tariff and nontariff barriers.

In the first place, there is no justification for providing any special protection to the domestic-demand industry alone when such benefits as export promotion loans and tax exemptions which have customarily been accorded the export industry are now being either curtailed or abolished. In the second place, even if such special protection is to be provided, the burden of helping industry with a tax reduction or exemption and subsidies will inevitably fall on the shoulders of the consumers in one form or another, and it seems unlikely that such an additional tax burden will be tolerated by the consumer so readily this time as it once was during the early days of our economic development.

It can be said that the support for the export industry has, to some extent, been made possible by the domestic consumer's sacrifice. It is also a fair assumption that consumers, in the hope of enjoying the future fruit of the economic growth, anticipated in exports, have been making concessions to foreign importers and domestic exporters. Such being the case, it will be difficult at this time to convince the consumers once again of the need for their continued concessions—this time, in the interest of fostering the domestic-demand industry.

At present, the conditions are ripe for an upturn in the general price level due to the increased volume of money in circulation as a result of the favorable balance of payments during these past years and also to the 20 percent rise in wages that occurred last year. In this situation, it would not be a wise option to try to expand domestic demand by means of financial and fiscal policies. In view of the risk of inflation inherent in such policies, all due caution should be exercised before resorting to them unless there are clear signs of an impending downturn in economic conditions.

Then the question is: Is there a way to prevent deceleration of growth without upsetting price stability? In trying to find an answer to this difficult question, the business side of the picture should not be the sole basis for consideration—those involved are experts at shedding crocodile tears. For it is the consumer more than business who needs to be protected. Businesses are well aware of how to maximize their gains; also, they are already making efforts to adapt themselves to the changing economic trends. In contrast, the consumers are innocent! Because of their multifariousness and broad sense, the consumers lack the "membership consciousness"—the consciousness that they belong to the consumer class—as a result, they do not know how to express their views as a group. Moreover, one gets the

impression that even those consumer organizations, who are supposed to be the voice of the consumer, are often oblivious of their intrinsic role.

During a TV roundtable discussion, a participating consumer organization representative said with a straight face that opening up the domestic market will reduce our favorable balance of international payments and jobs within our manufacturing sector, and that using imported goods is unpatriotic. Worse yet, these consumer organizations seem to think that their duty is done if, for instance, they only file a "fraud charge" with the Fair Trade Commission against a department store in behalf of a consumer who is crying foul because something he bought at the department store on a "special discount sale" as advertised turned out to be no discount at all. But the real issue for the consumer is not so much the dishonest practice by the merchant, but rather the monopolistic or oligopolistic control of the market, which makes it difficult for him to find an alternative place to shop even when he realizes that the price being charged at a given store is too high. If there were more department stores, the continued practice of fraudulent discount sales by some would not matter much because the consumers would be likely to find the same items at cheaper prices elsewhere. Monopoly or oligopoly is what is depriving the consumers of such an option. Thus, the consumer organizations ought to speak out more loudly on the need not only to identify but also to prevent the causes for such monopoly and oligopoly. Further, it seems that there must be many more things that warrant the real attention of these consumer organizations: for instance, they could do a comparative study of price levels between domestic and foreign markets, find out what items are cheaper abroad, and get to the bottom of the reasons why such items are not being imported.

Doing such things that are needed to improve the distribution system is no way to facilitate healthy growth of domestic consumption. In order to reduce the number of middlemen that now exist between the producer and the consumer, one desirable approach would be the introduction of large-scale "super chain" stores such as are widespread in Europe and the United States. The unreasonably high price of land can be cited as one of the major reasons why not many such large-scale retail stores or shopping centers have been built thus far. But the land price will come down if the concept that the land belongs to the public is instilled through the introduction of such measures as an upper limit for private land ownership, a consolidated taxation system, and a system for the recycling of land-development profits. Such a decline in the land price will not only facilitate the construction of more shopping centers for use by a great many consumers but also increase the housing supply and thereby contribute to the stabilization of the prices of homes.

By way of a conclusion, the writer wishes to put forth an argument, which may sound paradoxical, that, under the present circumstances of declining exports, if domestic demand is to be vitalized without infringing upon the

rights of the consumer, it is imperative that supply be increased. To wit, if more domestic and foreign suppliers compete with one another in supplying our market with cheaper goods, the volume of domestic consumption is bound to increase. Also, all factors that hamper the emergence of new enterprises must be eliminated, and improvement of the distribution system is called for. If such a competitive environment is created, enterprises will be obliged to do their utmost to cut costs and

improve productivity. But as long as the consumer remains innocent, these enterprises will never do anything voluntarily to help the consumer. These days when different classes and groups are putting forth their respective interests and desires in rapid succession, it goes without saying that the government must fully represent, and speak for, the interests of the consumer, but consumers themselves, as a party directly concerned, would do well to stay on guard.



## Burma

### SLORC Officer Responds to Opposition Charges

BK2505044989 Rangoon Domestic Service in Burmese  
1330 GMT 24 May 89

[Excerpts] Brigadier General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC], held a meeting with officials from the departments under the Ministry of Health, the Institute of Medicine, and the Institute of Dental Medicine at 1400 today at the Students Recreation Center of the Institute of Medicine-1.

The meeting was attended by Brigadier General Myo Nyunt, Rangoon military commander; Dr Pe Thein, minister of education and health; officials from the Office of the SLORC and the Office of the Prime Minister; commander of the Fourth Military Region; directors general of the Department of Medical Science, the Department of Health, the Department of Medical Research, and the Department of Sports and Physical Education; Colonel Kyaw Win, director of the Medical Services of the Defense Ministry; rectors of the Institute of Medicine-1, the Institute of Medicine-2, the Mandalay Institute of Medicine, and the Institute of Dental Medicine; and heads of various faculties.

Speaking at the meeting, Brig Gen Khin Nyunt, SLORC secretary-1, first explained the assumption of state power by the SLORC on 18 September 1988. He then explained that the SLORC has laid down plans and is working according to these plans to carry out the last of its four major tasks—the holding of multiparty democratic general elections in May 1990.

Despite these efforts, some political parties are saying that the elections will not be held under various pretexts when the time comes. He said we will hold the elections as promised. He said as the SLORC is not an organization which will contest at the elections, it should not be the target of attacks. He said as we are doing constructive work for the country they [the parties] should cooperate with us. So far, he said, the SLORC has not done anything that is incorrect and that if 90 percent of the people support what we are doing and only 10 percent do not approve, then priority should be given to the 90 percent people.

Speaking on the four major tasks, he said there have been successes in some work while continuing efforts are being made to carry out the tasks. He said efforts are being made to bring down the prices of commodities with emphasis on rice and cooking oil, contrary to some political parties' charges that we only concentrate on expanding roads and construction work while not doing anything about bringing down prices of commodities. He said we are carrying out national construction tasks from all fronts and angles, while the political parties are demanding democracy. He said that it is important for those demanding democracy to understand about

democracy. He added that democracy must be in accordance with discipline and that we are paving the way for genuine democracy which is in accordance with discipline. He said doctors should be assets to the country as well as to the people and that they should have a good attitude toward the Defense Forces.

Continuing, the secretary-1 said we are currently carrying out measures to reopen schools and that the prolonged closure of schools is detrimental to the students, parents, teachers, and country. He added we have originally planned to reopen schools at a suitable time and we are now making plans to reopen schools. Some political parties are saying that we declared soon after we had assumed power that we would not attend to education and health and that our deeds do not match our words because we are endeavoring to reopen schools. Our government did not declare we would not attend to education and health. We said only that we would not have time to carry out long-term work on health and education.

He said the next government which will come to power will have to carry out reforms to the education and health systems, as the reopening of schools is not related to educational reforms. He said any government should carry out development work for the country, adding the next government would just have to perform better than us. He said necessary preparations must be made as the schools will be reopened despite some opposition moves against reopening of schools.

He said once the schools reopen, we are prepared to work hand in hand with student organizations which solely attend to student affairs without any political affiliation.

Next, Dr Pe Thein, minister of education and health, spoke saying he is responsible for the task of reopening schools and that closure of schools for almost 1 year has disrupted education of the children. [passage omitted]

He said while efforts are being made to reopen schools, we have learned that a political party is holding a conference to demand that we do not reopen schools. He said any government should attend to the matter of reopening schools so that the country will not suffer. He said the primary schools will be reopened first, to be followed by the middle and high schools; and the institutes of medicine will be reopened as soon as possible. [passage omitted]

Next, Dr Maung Maung Lay, director general of the Department of Medical Science, spoke saying that department officials favor reopening of schools and that the teachers want the schools to reopen and genuine students want to attend their classes again. He said plans are being made to reopen the medical institutes and that all medical institutes will be reopened soon. The meeting ended at 1530.

**Aung San Suu Kyi Stresses Unity, Discipline**  
*BK2105044489 Hong Kong AFP in English 0351 GMT  
21 May 89*

[By Michael Adler]

[Text] Rangoon, May 21 (AFP)—Opposition leader Aung San Suu Kyi says political campaigning in Burma, where a full generation has grown up without democracy, is more like conducting a teaching tour than canvassing for votes.

The woman many consider the only person still able to rally the pro-democracy spirit of mass strikes quashed by a September military coup said that in her speeches "I give specific advice, such as discipline."

"It's not an election campaign because I never once said vote for us," she said last month shortly before leaving for a swing through northern Burma.

"I do explain that democracy doesn't just mean demonstrations," said Daw Aung San Suu Kyi, the 43-year-old daughter of Burmese founding father Aung San.

"Democracy doesn't mean, freedom of speech doesn't mean freedom to abuse anyone you feel like abusing," she said about campaigning in the impoverished South-east Asian nation where a generation has grown up under 26 years of authoritarian, isolationist rule.

General Ne Win, 77, who set up a repressive one-party system upon seizing power in 1962, stepped down in July saying his socialist policies no longer inspired confidence. But he is still believed to be the power behind the junta.

The out-of-sight former dictator and the informal but eloquent Daw Aung San Suu Kyi dominate Burma's political scene, with multi-party general elections promised by the junta for next May to change to democracy.

Aung San's western-educated daughter said the main similarity between her and her father, who led Burma's fight for independence from Britain, is that they worked for the same country.

"But he was working for independence. I am working for basic human rights," she added.

Daw Aung San Suu Kyi was in Burma at the time of the pro-democracy movement in mid-1988 almost by accident, because she had come from her home in Oxford, England, to care for her sick mother.

"The fact that she's her father's daughter made her believe she ought to do something to help," diplomats said in August when the slender, energetic woman began to galvanize crowds with her speeches.

Daw Aung San Suu Kyi, now head of the major opposition party the National League for Democracy, said her aim was "to get people involved in the movement for democracy. I want to stop them from being intimidated."

During campaigning in April in the Irawaddy Delta rice-growing area near Rangoon, she was harassed by soldiers, she said.

Generals took power September 18 in a coup followed by an Army crackdown which has led to arrests and the flight of thousands of students to join tribal rebels fighting from jungle border areas.

Daw Aung San Suu Kyi said she sought in her public appearances, often in isolated villages, to help people "be brave enough to cultivate courage and fortitude and perseverance and support the movement."

"I don't believe in dramatizing in politics. I usually go to as many villages as I can because it's there that the people are most afraid."

"There you generally come across people who have been ill-treated because they can't produce the required quota of rice," she said.

She added: "It's up to them to create democracy. They shouldn't just leave it to the political parties. They must understand that it's a movement of the people, not just of the few political parties."

Some 230 parties have registered for elections in this land of 39 million people.

"There's a lot of courage around, and that's why I think we will succeed in the end," Daw Aung San Suu Kyi said.

The pro-democracy demonstrations began when a brawl in a Rangoon tea shop in March last year led to unrest which focused resentment against repression and poverty in Burma.

By August, students, lawyers, government workers and even policemen were marching in cities throughout the nation by the hundreds of thousands.

But while democracy was on everyone's lips, the demonstrators failed to form a united political front, leaving the door open to the Army coup.

Daw Aung San Suu Kyi said she was committed to working within the junta's guidelines, provided it held free and fair elections.

"There are other ways of fighting a political battle, and whatever kind of political battle you fight the most important elements are unity and discipline," she said.

## Brunei, Malaysia & Singapore

### Malaysia

#### **Bush Pledge on Palm Oil Termed 'Reassuring'**

*BK2505104389 Kuala Lumpur International Service  
in English 0800 GMT 25 May 89*

[Station commentary]

[Text] It was indeed reassuring to note that U.S. President George Bush will look into problems faced by Malaysian palm oil. For one thing, Mr Bush has pledged to act against allegations that U.S. authorities have been unfair to Malaysia. This is in relation to Malaysia's effort to counter the smear campaign.

The issue here is: Why is the U.S. Federal Trade Commission only questioning Malaysia's moves to counter allegations against palm oil? The commission, however, does not question action taken by U.S. interest groups opposed to palm oil. The commission says there are no research findings to show that palm oil is nutritional and is not a health hazard. On the other hand, American groups are not asked for research findings in their claim that palm oil is poisonous.

The meeting between the leaders has been fruitful, in that Mr Bush has asked the U.S. National Security Council [as heard] to study the problem. One thing for sure is that the American Soybean Association—ASA's—action to oppose palm oil is not so much [about] the health issue. What is more important is the fear that a more competitive palm oil might penetrate into the U.S. soybean market.

The meeting also comes at a time when moves are under way to propose tropical oils labelling bills by individual states in the U.S. The states, in acting independently, have embarked on other ways to introduce discriminatory bills against palm oil. Only recently in California, the anti-palm oil bill was defeated in the state assembly. In their efforts, anti-palm oil lobbies are capitalizing on the American obsession with healthy living and the question of health. It should be noted that palm oil makes only a minor part of saturated fats in the U.S. diet. The leading culprits for heart diseases are meat and dairy products. But this is not highlighted at all by the so-called guardians of American health.

All the same, the smear campaign of the U.S. has not affected the industry in Malaysia. It is still the golden crop, and the hectareage under the crop will continue to increase.

Malaysia, in its efforts, should consider teaming up with tropical oil producers—these countries also include Thailand, the Philippines, and Indonesia. Together they

can serve to bring more pressure upon the U.S. legislative bodies when unfair and discriminatory bills are proposed. Currently, Malaysia seems to be taking action entirely on its own.

The countries have also realized that the proposed labelling is a trade issue under the guise of a health issue. It is understandable that American senators and politicians must support their farmers, but they should not do it at the expense of Third World farmers.

The smear campaign against palm oil is aimed at destroying the good image palm oil enjoys in the international market. For Malaysia, it has to do everything to maintain that image. Its strongest asset is the the good properties that palm oil possesses. If this can be put across to consumers, then the reward is a considerably expanded market for palm oil.

#### **GDR Deputy Foreign Minister Calls on Ghafar Baba**

*BK2605070589 Kuala Lumpur International Service  
in English 0600 GMT 26 May 89*

[Text] Visiting East German Deputy Foreign Minister Mr Ewald Moldt today called on Deputy Prime Minister Mr Ghafar Baba at his office in Kuala Lumpur. During the 30-minute meeting, they discussed international issues and ways to strengthen bilateral relationship between the two countries.

Mr Moldt, who arrived in Kuala Lumpur on Wednesday [24 May], is on a 3-day official visit to Malaysia as part of his tour to ASEAN member countries, except Brunei, to develop bilateral ties. He leaves for Manila on Sunday.

### Cambodia

#### **Chea Sim Admonishes Undermining of Peace Process**

*BK2505122189 Phnom Penh SPK in French 1118 GMT  
25 May 89*

[Text] Phnom Penh, 25 May (SPK)—Chea Sim, member of the Political Bureau of the Kampuchean People's Revolutionary Party Central Committee and chairman of the National Assembly, made a tour of Kompong Cham Province, some 100 km northeast of Phnom Penh, from 19 to 21 May.

During his inspection trip, he attended a meeting on the resolution of the Second National Conference of Party Cadres. On that occasion, he brought up the results of the latest Hun Sen-Sihanouk meeting in Jakarta and the reasons behind the amendment of the Constitution. The Cambodian leader denounced the perfidious maneuvers of some reactionary circles which attempt to undermine the revolution and the national reconciliation process in Cambodia. "Whether we have a political solution or not, we must consolidate our revolutionary forces," he stressed.



Chairman Chea Sim visited families of combatants, militia units as well as the people of Tbong Khmum, Kompong Siem, Prey Chhor, Cheung Prey, and Batheay Districts.

**Soviet Economic Cooperation Delegation Departs**  
*BK2505114489 Phnom Penh SPK in English 1110 GMT 25 May 89*

[Text] Phnom Penh SPK May 25—A delegation of the USSR-Cambodia inter-governmental commission for commercial, economic, scientific and technical cooperation led by V. Kozlov, vice president of the Soviet section of the commission, left here Wednesday [24 May] after a five-day official visit. During its stay here, the Soviet delegation had talks with Cambodian Trade Minister Tang Saroem. It signed with the Cambodian side minutes of the talks on economic, technical and scientific cooperation for 1989 between the two countries.

**Commentary on Vietnamese Objection to UN Role**  
*BK2605065589 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 26 May 89*

["Political commentary": "The United Nations and the Cambodian Problem"]

[Text] Vietnam recently rejected a role for the United Nations in supervising the withdrawal of Vietnamese troops and the free elections in Cambodia. At the same time, Vietnam also disclosed that it will let the United Nations have a role if the latter declares vacant the UN Cambodian seat. Vietnam has said it will completely withdraw its troops from Cambodia. Although Vietnam does not want to explicitly say so, it is clear that Vietnam wants the United Nations to recognize the Heng Samrin regime which Vietnam has propped up. We would like to comment on Vietnam's nature and see whether Vietnam will succeed in this trick.

Over the past 10 years, we see that while the United Nations has condemned Vietnam for its aggression and occupation of Cambodia and has demanded that it withdraw its troops from Cambodia, Vietnam has continuously opposed the United Nations. The resolutions of the United Nations on the Cambodian problem have been rejected by Vietnam, which argues that this world supreme body is biased toward the Cambodian coalition government, by which Vietnam means the Khmer Rouge.

On this point, Vietnam is completely without shame. Vietnam has loudly affirmed that the United Nations has sided with the Cambodian coalition government because the United Nations does not know right from wrong and does not know that the Khmer Rouge are included in this Cambodian coalition government. This is Vietnam's base and slanderous statement against the United Nations. The fact is that the United Nations does realize the Khmer Rouge's genocidal activities because these are well known the world over. The only reason the

United Nations supports the Cambodian Coalition Government, which includes the Khmer Rouge, is because the United Nations clearly realizes that Vietnam is using this Khmer Rouge pretext to commit aggression against and occupy Cambodia; therefore, the United Nations has to thwart this Vietnamese act of aggression and occupation in Cambodia so that the latter may recover its independence.

This UN goal coincides with that of the Cambodian nationalist resistance movement. Cambodian nationalists, who cooperate with the Khmer Rouge in the tripartite coalition government recognized by the United Nations, do not do so in order to assist a Khmer Rouge return to power, as Vietnam has cheaply and slanderously said in its propaganda, but to help Cambodia get rid of Vietnam's act of aggression.

Now, after being strongly and constantly pressured by the international community—this has impoverished Vietnam's economy—Vietnam has decided to withdraw its troops from Cambodia. So Vietnam has now turned to saying that it recognizes UN role in solving the Cambodian problem but it wants the United Nations to recognize the Heng Samrin regime, which is propped up by Vietnam. This is a very cheap, blatant, and stupid trick by the Vietnamese. We would like to ask this question: Can the United Nations recognize a regime which was set up by Vietnamese foreigners and not by the will of the Cambodian people? Vietnam's demand is completely in contradiction with the UN resolutions on the Cambodian problem which require that the Cambodian people decide their own destiny themselves without foreign interference. The United Nations clearly realizes that the Cambodian people absolutely cannot decide their own destiny as long as Cambodia and the Cambodian people are under the communist regime propped up by Vietnam. Therefore, Vietnam cannot use this shallow trick to get the United Nations to recognize the Heng Samrin regime. Furthermore, Vietnam should realize that the UN resolutions on the Cambodian problem are the will of over 120 countries the world over and these peace- and justice-loving countries cannot change their will and turn to supporting the Vietnamese puppet regime in Cambodia.

In sum, Vietnam absolutely cannot use tricks to get the United Nations to recognize the communist Heng Samrin regime. On the contrary, these tricks will only help the international community to see more clearly Vietnam's tricky nature. And this will make the international community more vigilant against Vietnam, particularly concerning Vietnam's announcement on a Vietnamese troop pullout in September during which Vietnam refuses UN supervision.

On this troop pullout, people are still curious about Vietnam's attitude because if Vietnam is really sincere, why is Vietnam so afraid of effective UN supervision? Or is this because Vietnam wants to argue that if UN supervision is allowed, the United Nations will allow a Khmer Rouge

return to power in Cambodia and another massacre of the Cambodian people? The United Nations proposes sending a powerful peacekeeping force to be deployed in Cambodia to ensure the Cambodian people's security. So why does Vietnam still refuse this? In fact, it is Vietnam itself which wants to return to power. Therefore, this answer will become clear after this September.

**VONADK Urges Elimination of SRV Agents**  
*BK2505043689 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian*  
2315 GMT 24 May 89

[Station editorial: "Absolutely Get Rid of Vietnamese Males and Females Hiding in Our Cambodian Villages and Communes"]

[Text] To achieve their strategy of occupying Cambodia forever, the Hanoi Vietnamese aggressors have been thoroughly implementing since 1985 a Khmerization policy in Cambodia, from top to bottom and in both civilian and military circles. In our Cambodian villages, communes, and districts in particular, the Hanoi Vietnamese have ordered Vietnamese males and females to disguise themselves as traders to cover up their activities of serving the strategy in Cambodia now and in the future. These Vietnamese are all members of the Communist Party of Vietnam and have received political and technical training at spy schools in Hanoi; some of them were trained in Moscow. They are assigned the following tasks:

1. Their immediate tasks are:
  - A. To infiltrate and control all aspects of the civilian puppet administration in villages, communes, and districts; the armed forces; and the networks of associations and organizations set up by Vietnam.
  - B. To carry out subversive activities to sow discord between resistance forces and the people and among various resistance forces.
2. Their long-term tasks:
  - A. Vietnamese males and females have been ordered by Hanoi to establish Cambodian nationality and marry Cambodians so as to hide themselves from the world's eyes. This is why the Hanoi Vietnamese aggressor opposes genuine international supervision.
  - B. These Vietnamese are to continue leading the party and various organizations set up by Vietnam in Cambodia.
  - C. They are to continue carrying out subversive activities to destroy the Cambodian people and Cambodian nationalist resistance forces, create havoc and instigate rifts among Cambodian national forces, and foment a civil war so that the Hanoi Vietnamese have an excuse for sending Vietnamese troops to commit aggression against Cambodia again.

Therefore, to prevent our Cambodia from becoming a second Kampuchea Kraom [former Cambodian territory now part of southern Vietnam], our entire people, the

National Army of Democratic Kampuchea, and all our nationalist forces should completely get rid of these Vietnamese males and females hiding in our villages, communes, and districts.

**Indonesia**

**Minister Views Relations With U.S.**  
*BK2405142989 Jakarta ANTARA in English*  
1334 GMT 24 May 89

[Text] Jakarta, May 25 (OANA-ANTARA)—Coordinating Minister for Political Affairs and Security Retired Adm Sudomo has stated that Indonesia and the US need to "synchronize" their political direction to foster the friendly relations between the two.

When opening a one-day seminar on the "American Foreign Policy" at the campus of the University of Indonesia (UI) in Depok, West Java, here Wednesday [24 May] he said that "out of harmony" political direction between Indonesia and the US among others is caused by the difference in the implementation of the 1982 Sea Law Convention.

Aside from that it is also caused by the different policy on things concerning the zone of peace, freedom and neutrality (ZOPFAN) and the nuclear weapon free zone in South-East Asian region.

The emerge of protectionism sentiment in the US, Sudomo said, also results in an "out of harmony" political direction.

The coordinating minister further said that the varied ideology of South-East Asian and Asia-Pacific countries might turn out different views, even conflicts, when it is not seen and studied within the context of the geo-strategy as well as the geo-politics of the countries themselves.

In facing international situation, Minister Sudomo said, Indonesia's free and active foreign policy in the next five years will need "directed programs" in various sectors.

In the political sector, for example, the directed programs will include the "wawasan nusantara" (the archipelagic principle which will give Indonesia control over use of what are now considered international waters), the settlement of the Kampuchean conflict, the issue of East Timor in various international forums and the efforts to increase relations with the South and South-West Pacific nations.

He further said that South-East Asia, including Indonesia receives serious attention from the US due to its aspects of ideology, politics and economy.

South-East Asia, seen from the aspect of ideology, is an area of fight for political influence between the communist system in Indochina and the non-communist one in ASEAN (Association of South-East Asian Nations).

On ASEAN which groups Brunei Darussalam, Indonesia, Malaysia, Singapore, the Philippines and Thailand, Minister Sudomo said that all of its members have been able to maintain their national stability and development of their "cohesiveness" as a regional association.

In the economic context, he said, it is generally known that South-East Asia is important for the US because of its rich natural as well as human resources.

The one-day seminar on "American Foreign Policy", was also marked by a speech by Prof Dr Gary Jacobson of the University of California, San Diego who said that the US in the future will continue to support the political and economic policies of ASEAN members.

He also said that at present the US still concentrates on its relations with the Philippines because of its responsibility over and historic relations with the country.

**PLO To Open Jakarta Mission End of July**  
*BK2505104489 Jakarta MERDEKA in Indonesian*  
22 May 89 pp 1, 11

[Excerpt] Jakarta, Sunday [21 May]. MERDEKA—The PLO will open its mission to Indonesia in Jakarta at the end of July 1989.

Foreign Minister Ali Alatas said this to newsmen at Sukarno-Hatta Airport on Sunday evening upon his return from Zimbabwe where he attended last week's nonaligned foreign ministers meeting in Harare.

The PLO mission will be inaugurated by Faruq Qadumi, minister of foreign affairs of the State of Palestine, who will arrive in Jakarta at the head of a delegation prior to the coming inauguration. [passage omitted]

## Laos

**Thailand's Chatchai Hailed 'Hero' of Indochina**  
*BK2605025989 Bangkok BANGKOK POST in English*  
26 May 89 p 5

[Text] Loei—Laotian deputy governor of Sayaboury Kham-ai Sisa-at yesterday called Prime Minister Chatchai Chunhawan the "first hero of Indochina" for his policy of bringing about peace in the region.

He made the statement while heading a small mission to Tha Li District to ask the district officer to consider opening the Tha Li checkpoint permanently.

He said Gen Chatchai's policy of turning battlefields into marketplaces was widely welcomed by the people.

They all called Gen Chatchai the first hero of Indochina, he said.

Asked to comment on the communist Phak Mai Party which comprises about 50 Thai insurgents supported by Laos, Mr Kham-ai said that Laos has now expelled all of them.

He said if more were found in Laos, they too would be expelled.

**Lao-Thai Border Technical Subcommittees Meet**  
*BK2505005089 Vientiane Domestic Service in Lao*  
0430 GMT 24 May 89

[Text] To implement the memorandum issued following the talks between the Lao-Thai border technical subcommittees held in Phatthaya, Thailand, on 13 March and as earlier agreed upon by the subcommittees of the two sides at Ban Muang Phae village in Thailand, the technical subcommittee of the Lao side led by Bounkeut Sangsomsak, chief of the 1st Department of the Foreign Affairs Ministry, and the technical subcommittee of the Thai side led by Dr Prachit Rotchanaphruk, director of the Treaty and Legal Department of the Foreign Ministry of the Kingdom of Thailand, met at Ban Muang Phe village in Laos on 23 and 24 May to continue surveying the areas linking Boten District of Laos and Cha Trakan District of Thailand. After conducting the survey, the technical subcommittees will write a joint memorandum on the outcome of their operations carried out on 25-26 April and on 23-24 May 1989 to be presented to the joint border committees of Laos and Thailand.

**Press Release Issued on Border Survey**  
*BK2505140189 Vientiane Domestic Service in Lao*  
1200 GMT 25 May 89

[Text] In compliance with the minutes of the meeting between the Lao and Thai technical border subcommittees held in Phatthaya, Thailand, dated 13 March 1989, and the agreement reached by the two sides at the meeting in Muang Phe village, Thailand, on 25 and 26 April 1989, the Lao technical border subcommittee headed by Bounkeut Sangsomsak, head of the 2d Department of the Foreign Ministry, and the Thai technical border subcommittee headed by Dr Phaichit Rotchanaphruk, director general of the Treaty and Legal Department of the Foreign Ministry of the Kingdom of Thailand, held meeting at Laos' Muang Phe village and Thailand's Muang Phe village on 23 and 24 May 1989 during which they continued and completed the survey and inspection of geographic location and terrain along the common border of Laos' Boten District and Thailand's Chat Trakan as agreed upon by both sides earlier.

After the survey and inspection of the area, the two subcommittees issued a press release on the results of the survey and inspection of the area which was conducted on 25 and 26 April and 23 and 24 May 1989. The press release reads:



1. On 25 and 26 April and 23 and 24 May 1989, the Lao and Thai technical border committees conducted survey and inspection of the geographic characteristics of the contiguous area between Boten District and Chat Trakan District in compliance with item 5 of the minutes, dated 29 December 1988, of the meeting of the Lao-Thai joint border committee held in Bangkok and items 1 and 2 of the minutes, dated 13 March 1989, of the meeting between the Lao and Thai technical border subcommittees in Phatthaya.

2. The survey and inspection of the said area were conducted from the air and on the ground along the demarcation line claimed by the Lao side as stipulated in item A of the minutes, dated 13 March 1989, of the meeting of the two subcommittees and item 2 of the appendix to the French-Siamese Treaty of 23 March 1907 which states that to the south of Luang Prabang, the demarcation line begins at the bank of the Mekong River at the mouth of Nam Heuang River and runs along the deep channel of the river until its source at Miang Mountain. The survey and inspection was also carried out along the demarcation line claimed by the Thai side as stipulated in items 1 and 2 of the minutes, dated 13 March 1989, of the meeting of the two subcommittees.

3. The Lao and Thai technical border subcommittees will report the results of the survey and inspection of the geographic characteristics of the area to their respective Lao-Thai border committees for consideration and further actions to be taken by the Lao-Thai joint border committee.

4. The Lao and Thai technical border subcommittees express their sincere thanks for cooperation and assistance rendered by the Lao and Thai military, government agencies, and local officials of the two countries during the two operations which were carried out in the atmosphere of good understanding, friendship, and brotherly countries and enabled them to complete the operations with success and satisfaction to both sides.

Issued at Muang Phe village of Na Haeo District, Loei Province.

24 May 1989

**Military Delegation Leaves for Socialist Nations**  
*BK2205120389 Vientiane KPL in English 0917 GMT 22 May 89*

[Text] Vientiane, May 22 (KPL)—A delegation of the Ministry of Defence led by its first deputy-minister, Lieutenant General Choummali Sai-gnason, alternate Politburo member of the LPRP CC [Lao People's Revolutionary Party Central Committee] left here for friendly visits to some fraternal socialist countries.

The delegation was seen off at the airport by Lieutenant General Osakan Thammatheva, member of the LPRP CC, deputy minister of defence and head of the General Political Department of the Lao People's Army.

Ambassadors and military attaches of socialist countries to Laos were also present at the airport.

**Lao-Pacific Airline To Launch Maiden Flights**  
*BK2205122489 Vientiane KPL in English 0921 GMT 22 May 89*

[Text] Vientiane, May 22 (KPL)—The Lao-Pacific Airline will launch its maiden flights on May 26.

According to the airline's statement released here, first flights will be served on the Vientiane-Phon Savan, whereas Vientiane-Thakhek and Luang Prabang there will be three flights a week. [sentence as received] Vientiane-Thakhek flights will be on Monday, Wednesday and Friday. Vientiane-Luang Prabang flights will be on Tuesday, Thursday, and Saturday.

Other flights connecting Vientiane with Houai Sai, Luang Namtha, Saravane, Pakse and Don Khong will subsequently be operated.

**Change to Goods-Producing Economy Viewed**  
*BK2205074289 Vientiane Domestic Service in Lao 1200 GMT 19 May 89*

[PASASON 19 May editorial: "Transform Distribution and Circulation Sphere Into Building Resources for Loans To Serve Production and People's Living Conditions"]

[Text] Distribution and circulation cover a wide range of undertakings. However, their basic roles touch on finance, credit, pricing, salaries, trading, and marketing areas and constitute decisive factors in the process of transforming our country's material economy into a goods-producing economy. After we adopted the policy of replacing the state-financing management mechanism with the new management mechanism, the distribution and circulation work in our country has considerably been improved. However, the problem in this area remains confusing. The balances of revenues and expenses, imports and exports, and commodities and money are serious problems which have adverse repercussions on production and on our people's living conditions. Taking advantage of the legal and free trade practice policy, a sizable number of individuals and private businesses have been unscrupulously involved in the distribution and circulation business. For example, they have refused to register their businesses, avoided fulfilling obligations to the state, and illegally circulated goods and money, thus creating confusion in the distribution and circulation sphere. Such circumstances require us to find a remedy so as to put the distribution and circulation work on the right track as drawn by the seventh plenum of our party Central Committee. We must do this in order to broaden free and legal trade, implement the one-price principle, promote banking services, implement financial and budgetary management autonomy of the grassroots production units, and improve the distribution and circulation work through

the implementation of policies and laws governing operation of economic sectors; thus contributing to socioeconomic development and guaranteeing social justice and improved living conditions for the people of all strata.

The important and decisive role of the distribution and circulation work for the time being is to create capital investment sources through the mobilization and consolidation of capital funds, primarily for production expansion. At the same time, enterprises must be encouraged to raise capital funds in the form of partnerships. Employees and cadres are allowed to join partnerships in conducting businesses. Private sectors must be mobilized to invest with the state economic sectors. Foreign countries and international organizations as well as foreign private sectors are persuaded to invest in our country. All of these are aimed at exploiting capital funds for economic construction so as to bring about a new economic structure step-by-step. Economic production must be effective, must quickly accelerate the rotation of capital funds, and must accumulate capital funds for production. This is the way to turn our country's economy into a goods-producing economy. The distribution and circulation work requires the trade, finance, credit, and banking sectors to lay down their respective detailed operational plans to ensure a smooth and systematic implementation.

### Philippines

**Government To Receive Bases Nonremovable Facilities**  
*HK2505145989 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 25 May 89*

[Text] All the nonremovable facilities of the U.S. military bases in the country will be transferred to the government upon the termination of the Military Bases Agreement [MBA]. This statement was issued by Justice Secretary Ordenez after he received from a U.S. mission the inventory lists of Clark Air Base and Subic Naval Base. Mars Incarnacion has the details:

[Begin recording] The two volumes of inventories were submitted by the U.S. mission to the Philippine Defense Department in compliance with the U.S. obligation based on the Manglapus-Shultz memorandum of agreement. Ordenez then informed, and handed over the inventories to, the president today. He said that from now until 1991, all the nonremovable facilities, as well as those to be built, will belong to the Philippines even upon the termination or renewal of the MBA. [end recording]

**15 Injured in Clash Between Workers at Subic**  
*HK2605031389 Manila PHILIPPINE DAILY INQUIRER in English 26 May 89 pp 1, 8*

[By Roger Garcia Jr.]

[Text] Olongapo City—At least 15 persons were injured yesterday when workers clashed after two buses hired by the owner of a strikebound stevedoring firm rammed through a picket line just outside the Subic naval base here.

The violence disrupted the repair of at least three American ships inside the base, but the operation of the base remained normal, a U.S. Navy spokesman said.

Some 200 dismissed workers of A.H. Ship Chandling and General Services picketed the main gate of the base starting at 3 a.m. yesterday to demand their reinstatement and payment of benefits. The strikers, however, did not bar any of the thousands of Filipino workers employed directly by the base.

At 7 a.m., an estimated 800 "non-striking" employees of the firm converged in front of their main offices, some 100 meters from the main gate of Subic, as they prepared to break through the human barricade set up by the strikers. They were armed with knives, clubs and stones.

Stones were thrown in both directions, but the strikers, although outnumbered, repulsed the non-strikers.

The intervention of councilor and base union vice president Primo S. Galvez and police chief Col. Rolando Cinco prevented further violence.

Adelo Abing, owner of the stevedoring firm who earlier urged the non-striking workers to break through the picket line, also arrived at the scene and confronted Galvez, Cinco and the strike leaders.

After a brief altercation with Galvez, Abing left and later hired two mini-buses, which rammed through the picket line to transport the non-striking workers into the base. This sparked a free-for all between the two warring Groups. Anti-riot police led by Cinco broke up the clash.

Galvez, meanwhile, denounced Cmdr. Pastor R. Ramos, head of the Naval Security Group of the Subic Command for threatening after the clash "to shoot" any striker attempting to enter the base.

"The statements made by Commander Ramos were indeed sad and uncalled for. Instead of protecting the interest of the Filipino workers inside the base, he even threatened to shoot them," Galvez said.

Ramos made the warning in front of several newsmen and police authorities after the clash.

The strikers charged that they were fired last September, five months before their contracts were to expire, because they participated in a strike to press for higher wages.

Among the demands of the striking workers were the reinstatement of more than 150 workers who, they said, were illegally dismissed. They were also demanding the payment of 13th month pay and the grant of five days incentive leave.

**Aquino Comments Cited on Marcos Ban**  
*HK2505144789 Manila Radio Veritas in Tagalog*  
*0900 GMT 25 May 89*

[Text] President Aquino has again rejected for the nth time the appeal from the former first lady for their return. Acting Press Secretary Adolf Ascuna relayed the president's reaction on the issue. Mrs Marcos was quoted as saying they are prepared to accept any condition of the Aquino administration in exchange for Mr Marcos' return.

President Aquino was glad about the IMF's approval of the letter of intent. Here is Acting Press Secretary Adolfo Ascuna relaying the president's replies:

[Begin recording in English] The first question refers to the former First Lady Imelda Marcos as having been quoted, as having told during a radio interview, Tuesday, that she would accept any condition that the Philippine Government might demand in exchange for the return of her ailing husband, ex-President Marcos, back to the country. Whether this is true or not, is the Philippine Government willing to consider to impose conditions in exchange for the return of Marcos? Have you received any such feelers from the Marcoses or their lawyers?

Attending physicians of ex-President Marcos have admitted that he has slim chances of making it this time. In this regard, what is the Philippine Government doing in its efforts to recover ill-gotten wealth of Mr Marcos, who may no longer be included in the suits should he die?

The president's response to the first question is as follows: I have already explained in detail the compelling reasons why the government cannot allow the return of Mr Marcos. Such reasons cannot be affected or altered by the imposition of conditions. Accordingly, the government is not willing to consider the imposition of conditions on the return of Mr Marcos. We have not received any such feelers from the Marcoses or their lawyers. The government's efforts to recover the ill-gotten wealth of Mr Marcos will continue even if Mr Marcos dies.

Second question: Will the government stop private schools from increasing their tuition fees pending the Congress' action on the administration measure on subsidy for private education? What measures will the government take if Congress will not be able to pass this measure before June opening of classes?

Reply: If the subsidy bill is enacted into law after a student has already paid the increased fee, the student will be reimbursed the amount equivalent to the government's subsidy.

Final question, a follow-up question from Jerry Zaragoza: Can we have the president's comment on the IMF approval of the Philippine letter of intent and also on the endorsement of the Brady Plan?

Reply: We are glad the IMF has approved the Philippine letter of intent because such approval will pave the way for the Paris Club restructuring and the negotiations with the commercial banks. Such approval is equivalent to a quote, stamp of good housekeeping, unquote, that is, that we are managing our economy in a sound manner. With the endorsement of the Brady Plan, it raised our hopes that the plans will be concretized soon and that the Philippines will be one of the first countries to benefit from it. Thank you. [end recording]

**Manglapus Reiterates Stance**

*HK2505125389 Manila Manila Broadcasting Company*  
*DZRH in Tagalog 0800 GMT 25 May 89*

[Text] Former President Ferdinand Marcos will not be allowed to return to the country, dead or alive. This was announced today by Foreign Affairs Secretary Raul Manglapus in a press briefing. He said that the government's position on the issue of Marcos' return and that of his family has been made very clear.

Regarding the cases filed at the Supreme Court against the former strongman, Manglapus said: We'll cross that bridge when we reach it. He stressed that never in the history of the world was a dictator allowed to return to his native land even after the person's death. In an interview with DZRH, Manglapus said:

[Begin recording in English] [Manglapus in progress] ...that allowing even his body to return this time should be to diffuse an element into our society which could be used to sow unrest. [passage indistinct]

We know no dictator whose body has been allowed to be returned to his country immediately upon his death. [end recording]

**Court Orders Government To Explain**

*HK2605072389 Hong Kong AFP in English 0425 GMT*  
*26 May 89*

[Text] Manila, May 26 (AFP)—The Philippine Supreme Court Friday ordered top aides of President Corazon Aquino to explain why deposed ruler Ferdinand Marcos should not be allowed to return and die in his homeland.

The country's highest court issued the order in response to an urgent petition filed Wednesday by Mr. Marcos, reported to be surviving on life-support machines in Hawaii, where he has lived in exile since he was toppled in 1986.

A court resolution ordered respondents named by Mr. Marcos—including Foreign Affairs Secretary Raul Manglapus and Mrs. Aquino's chief aide, Executive Secretary Catalino Macaraig—to comment on the petition within 10 days of receiving the order.



The order was to be delivered to the respondents immediately, said aides in the court, a co-equal body to the executive branch.

Mrs. Aquino was not named a respondent because the president enjoys immunity.

Mr. Marcos, who ruled the Philippines until a military-led uprising sent him to exile in February 1986, filed the petition through Manila-based followers led by former parliament speaker Nicanor Yniguez.

His co-petitioners were his wife Imelda, children, in-laws and others in the retinue of 90 that joined him in exile.

They cannot leave Hawaii because their passports were cancelled by Manila and no third country would let them in.

#### **Laurel Says Marcos Ban Based on Fear**

HK2505130589 Manila Manila Broadcasting Company  
DZRH in Tagalog 0800 GMT 25 May 89

[Slantlines denote passages in English]

[Text] The Nacionalista Party, during its national convention, has passed a resolution asking the Aquino government to allow former President Marcos to return.

In the "Liberty in Action" radio program, Vice President Laurel announced that the government should heed Marcos' wish to return to the country because this is his constitutional right. However, he clarified that this will not mean Marcos' absolution from the civil and criminal charges filed against him in the Philippines.

Meanwhile, Laurel expressed the belief that Aquino's refusal to allow Marcos to return only proved that the country is still unstable. He said that the government's refusal was based not on law, but on fear and worry:

[Begin Laurel recording] The truth is that Aquino refused to allow Marcos to return because the administration is not capable of running the government. She confessed, 2 days ago, that they are not ready, they are not prepared. Hence, the truth is emerging. /The truth is, this government, she is now admitting, is not stable./ Therefore, she is scared. /So, the argument is fear. The argument of Mrs Aquino is fear. It is not based on law, it is not based on reality, but it is based on fear./ [end recording]

#### **Manglapus on Possible Aquino Visit to Moscow**

HK2605032789 Quezon City Radyo ng Bayan in Tagalog  
0300 GMT 26 May 89

[Text] President Aquino's visit to Moscow may go ahead. Foreign Affairs Secretary Raul Manglapus said he will go to Moscow in July to meet with Soviet counterpart Eduard Shevardnadze. They will discuss bilateral issues and preparations for President Aquino's trip. Manglapus said the main obstacle to the president's visit is the time element.

#### **World Bank Assumes Direction of PAP**

HK2405090989 Quezon City MALAYA in English  
24 May 89 pp 1, 2

[By Ellen Tordesillas]

[Text] The World Bank will direct disbursements of fund for the Philippine Aid Program [PAP] which will cover the country's whole economic plan including infrastructure, private investment, agrarian reform, and debt relief, officials involved in the PAP said yesterday.

Roberto Villanueva, PAP coordinating council chairman, said the policy framework paper on the PAP will be released by the World Bank to prospective donor countries soon.

The framework paper is being finalized by World Bank with the Department of Finance and is expected to be completed next week.

The World Bank is the chairman of the PAP consultative group which will oversee not only additional aid to the Philippines but also all bilateral aid.

A foreign affairs official said some countries want that aid to the Philippines they were channeling through non-government organizations be also included under the PAP.

The official added that the PAP embraces the country's whole economic plan consisting mainly of programs on infrastructure, private investment, comprehensive reform program, and debt relief.

"The PAP is now a comprehensive economic program and must be consistent with the International Monetary Fund country program," the official said.

Villanueva said the delay in completing the PAP framework paper was due to the failure of the IMF to immediately approve the Philippines' country program.

The economic program presented by the Philippine government to the IMF included targets of 6.5 percent gross national product growth a year, increase in public investments, reduction in public sector deficit, reduction in debt service ratio and buildup in Central Bank's gross national reserves.

Villanueva said the World Bank expects at least 15 countries to participate in the PAP aimed at helping in the country's economic recovery.

Villanueva and Foreign Affairs Secretary Raul S. Manglapus yesterday met ambassadors from the Association of Southeast Asian Nations, the European Community, U.S., Canada, South Korea, New Zealand and Australia. They met with ambassadors from the European Free Trade Association Monday.

Villanueva was scheduled to leave for Paris last night for further talks with leaders of the European Community. Talks on debt relief with the Paris Club is also scheduled on Thursday and Friday.

#### **Manglapus Comments**

*HK2405092789 Manila Manila Broadcasting Company  
DZRH in Tagalog 0800 GMT 24 May 89*

[Text] The Multilateral Aid Initiative is proceeding as planned. This was clarified by Philippine Aid Plan [PAP] Chairman Roberto Villanueva in response to a report that the framework for the plan is still not ready. Villanueva and Foreign Secretary Raul Manglapus have begun meeting with ambassadors of foreign countries which have expressed willingness to participate in the PAP.

Villanueva also expressed hope that the ambassadors will fully understand the government projects to be covered by the PAP.

Meanwhile, Manglapus said the briefing session will definitely lead to a successful pledging session scheduled for June in Tokyo, Japan. The pledging session will be held under the auspices of the World Bank.

Rey Arquiza of Mobile Unit No 21 has an excerpt of Foreign Secretary Raul Manglapus' statement.

[Begin recording in English] [Manglapus in progress] ...no program because the framework paper has to be consistent with the IMF country program. And that is what delayed the whole thing. We could not get started until...[changes thought] if you remember, they were negotiating it for a long time. Up to now, it has not yet been approved by the executive board. I think it will be approved this week. So that was the thing that delayed... [changes thought] not us.

[Reporter] Do you think the pledging session will push through?

[Manglapus] Yes, yes, I think so. We have been aware of this plan for a long time and it's...[changes thought] What is really happening is that things are maturing, or are ripening, but I don't think [words indistinct] because we have been in touch with them and give details to the World Bank, except that the formalization is slowly coming around now. [end recording]

#### **Senate Approves Cordillera Autonomy Act**

*HK2605061789 Quezon City Radyo ng Bayan in Tagalog  
0500 GMT 26 May 89*

[Text] The Senate today approved Senate Bill 914 in its third and final reading, establishing an autonomous government in the Cordilleras. The full report from Jojo Ismael:

[Begin recording] Twenty-four senators voted in favor of the proposed Cordilleras Bill and none abstained or voted against it. Senate President Jovito Salonga, Senator Mamintal Tamano, and Senator Santanina Rasul were absent during the deliberations.

According to the approved final version of the Cordillera Autonomy Act the enforcement of a presidential system is urged in the region. A yearly subsidy of P2 million has also been approved for the first 5 year's of implementing the autonomous government in the region. [end recording]

#### **Military Prepares for 1 June National Strike**

*HK2605062789 Manila Far East Broadcasting Company  
in English 2300 GMT 25 May 89*

[Text] The Labor Advisory and Consultative Council and the Trade Union Congress of the Philippines [TUCP], after long deliberations agreed to launch a nationwide work stoppage on June 1. A wave of protests and sporadic strikes have been planned by two of the country's biggest labor groups starting today until 2 days before the *welga ng bayan* [national strike] is launched.

Meantime, Armed Forces chief General Renato de Villa said the military is keeping a watchful eye on extreme forces from the Left and the Right who might take advantage of the *Welga ng Bayan* to overthrow the government. De Villa said the military will be on alert but will allow labor groups to stage their mass actions peacefully.

Meanwhile, Senator Ernesto Herrera appealed to workers who have been on strike to demand a P30 across-the-board increase in their wages, to exercise restraint in the picket lines. Herrera, who is the chairman of the Senate Committee on Labor, issued the appeal in the wake of reports that many workers affiliated with the *Kilusang Mayo Uno* [1 May Movement] have already gone on strike to press for immediate action on their demand. He specifically mentioned the violence that broke out at the Green Line bus firm in Cainta, Rizal, where several workers were injured during a dispersal operation by the police. He said, if possible the workers should wait for the decision of the Senate-House Conference Committee on the wage issue before declaring a general strike which, he said, will only derail efforts to achieve economic recovery.

#### **Report Reveals CAFGU Casualties**

*HK2405083989 Manila THE PHILIPPINE STAR  
in English 23 May 89 p 4*

[By Jun Francisco]

[Text] At least 446 members of the Citizen Armed Forces Geographical Unit [CAFGU] have been killed and 332 wounded in various encounters with communist guerillas nationwide from July 1987 to last April 30, a military report said yesterday. The report also pointed out that while CAFGU members have successfully defended their respective communities from NPA [New

People's Army] depredations, various cause-oriented groups branded them as human rights violators and have been associated with militarization.

The CAFGU, which replaced the controversial Civilian Home Defense Force in July 1987 was organized by the armed forces to help government forces in maintaining of local security and law and order.

The declassified military report made available to the STAR said there are at present 508 organized CAFGU companies nationwide with a component of 88 members per company.

The present organized strength of the CAFGUs is 44,704. Out of 508 CAFGU companies, the report added, 424 have been deployed or are undergoing training.

With the casualties suffered by the CAFGUs in recent months, the force has been reduced to 37,312.

The CAFGU program, according to the report, has been successful. Based on records available at the Commission on Human Rights showed that of the 28 suspects who were allegedly CAFGU members involved in cases like theft, robbery, torture, murder and arson, only three were confirmed to be CAFGU members.

They were identified as Edilberto, Alberto, both surnamed Magwali, and Cesar Evangelista. The three were involved in various abuses like the confiscation of rice, torture, burning of house and murder. All the incidents happened in Aklan and Butuan.

It also added that CAFGU has been lately the subject of criticism from the CPP [Communist Party of the Philippines]-NPA-NDF [National Democratic Front] and other various front organizations.

#### **Authorities Cite Gains in Negros Fighting**

HK2505053389 Manila PHILIPPINE DAILY INQUIRER  
in English 25 May 89 pp 1, 8

[By Fe Zamora]

[Excerpts] Military authorities in Negros yesterday claimed they have "dismantled" the rebel shadow government in southwestern Negros area through "sustained military operations" called Oplan ["Operational Plan"] Thunderbolt, as human rights group appealed for a military ceasefire in the island.

Intense fighting continued in other parts of the country, however, resulting in the death of 29 persons, including a seven-year-old girl, military report said.

Army Brig Gen Reynaldo Jarque, chief of the 301 Brigade, said Thunderbolt, with two battalions backed by helicopter gunships, had successfully "liberated"

three barangays in Sipalay believed to be the "capital" of the communist provisional government in the CHICKS area in southwestern Negros.

Jarque said the CHICKS area, so-called because it is composed of Cauaya, Hinobaan, Ilog, Candoni, Kabangkalan and Sipalay, was declared by the New People's Army as a "liberated zone." Of the 115 barangays there, Jarque said 64 are controlled by the communist provisional government.

"We have confronted the X-factor, the fear of the unknown," Jarque told newsmen. "Our operations proved that we could get the area." He said about 41 rebels were killed during the heavy shelling.

He said Negros rebel chief ex-priest Frank Fernandez declared Barangays Camandiangan, Cabadiannan and Manlocaloc as "land reform areas" last March.

Launched last April, Thunderbolt has also displaced some 26,000 residents who fled their homes for fear of getting caught in the crossfire. At least 26 refugee children have died in the congested evacuation centers.

A 60-member fact-finding mission sent by the Human Rights Desk of the United Church of Christ in the Philippines (UCCP) to the refugee centers has issued a statement appealing for a halt to the bombings which, the statement said, had caused the exodus.

In the same statement, the human rights mission also called on the government to abolish the Citizens Armed Forces Geographical Unit (CAPGU) and the Civilian Volunteer Organization (CVO) which, it said, had committed abuses that "pushed peace loving residents in several hinterland towns of Negros to take up arms and join the rebels."

It also asked the soldiers and communist rebels to observe international covenants on the conduct of war.

In related developments:

- Army soldiers backed by helicopter gunships pounded a rebel stronghold in Sitio Kilocag, Magpet, North Cotabato, killing 21 rebels and wounding several others last week. The report said 30 civilians were also taken by the rebels as hostage.
- Three suspected rebels gunned down Capcom Sgt Damaso Ubang, 40, in the San Pedro-Binan, Laguna, the other night. Assigned at the Capcom detachment in Tunasan, Muntinlupa, Ubang was driving his jeepney when shot at by three youthful men. [passage omitted]
- Soldiers and rebels clashed in Bgy Guilayan, Tabuk, Kalinga-Apayao Monday afternoon, killing two CAFGUS and wounding five soldiers.
- Suspected rebels ambushed the boydguards of Mayor Mantinee Taug of Barira, Maguindanao, Tuesday afternoon, killing two and wounding two others.



**Human Rights Team Issues Statement**  
*HK2505052989 Manila PHILIPPINE DAILY GLOBE*  
*in English 25 May 89 p 6*

[By correspondent Constantine Sinel]

[Text] An international human rights study team that investigated the refugee problem in Negros Occidental called on President Corazon Aquino yesterday to order an immediate halt to military bombings at three barangays in the province.

They also asked the President to instead seek a non-military solution to the insurgency problem in the province and in other parts of the country.

The Negros Human Rights Study Mission, composed of 60 delegates representing various rights groups in the United States, West Germany, Switzerland, Japan, Sri Lanka and the Philippines made public in a news conference its 10-point recommendation to the government regarding the insurgency.

The mission's spokesman, Alvaro Centurias, of the United Church of Christ in the Philippines, said the six-day study mission, which ended last week, was conducted to document alleged human rights violations by the military in the province to make it easier for proper government agencies to investigate and prosecute those responsible for the abuses.

In its recommendation, the mission urged Mrs. Aquino to indemnify all victims of human rights violations; involve all government agencies in the delivery of services to Sta. Catalina, Sipalay and other such areas in the country; prosecute perpetrators of human rights violations; involve all agencies in working for the return of displaced families; and appoint municipal trial judges in the Sta. Catalina, Basay and Bayawan, Negros Oriental.

The mission also asked the government to:

- initiate constitutional amendments abolishing the Citizen's Armed Forces Geographical Units (CAFGU).
- undertake educational programs for military personnel to prevent further abuses.
- abolish the Civilian Volunteer Organizations, also known as vigilantes.
- seek peaceful solutions to the armed conflict.
- recognize that not all people in the mountains of Sta. Catalina and other such places in the country are communist insurgents.

Only last week, Centurias reported that the bodies of five peasants were found floating in a river in Sipalay town. They had apparently been shot to death.

The five, whom the military claimed were rebels, were actually civilians who reportedly asked permission from AFP [Armed Forces of the Philippines] authorities to go back to their homes to get some food but failed to return, according to Sipalay Mayor Soledad Montilla.

**NDF Issues Warning**  
*HK2605031589 Manila THE MANILA CHRONICLE*  
*in English 26 May 89 p 7*

[By staff member Manny Mogato]

[Text] Bacolod City—The National Democratic Front (NDF) yesterday warned of more rebel attacks and harassments on Government troops as "a retaliatory action" for the evacuation of hinterland residents in six towns in southern Negros.

The NDF threat was contained in a statement distributed yesterday to media representatives by the rebel leadership in Negros. The two-page statement was signed by Celso Magsilang, alleged chief of the New People's Army (NPA) in Negros island, and former priest Frank Fernandez, NDF head in Negros.

"In due time, the NPA guns will smite them again, like an avenging angel, the people's armed oppressors. When and where only the NPA knows. But one thing sure. More enemy detachments, more enemy formations will fall," the statement said.

The NDF also said it would give information and propaganda materials to local media outlets about the internal conflict in the island.

"This is to ensure that local media institutions practice fair and objective reporting on events that people need to know," it said.

The military, on the other hand, dismissed the NDF statement as a mere propaganda and dared them to come out and fight in an open battle. The military also said the "veiled threats issued by the rebels were meant to cow the people in submission as the people are now starting to support us."

In Candoni town, evacuees have begun returning home after the military has cleared the area of rebels during a month-long operations.

Jessica Pavillar, a government social worker in Candoni, told the CHRONICLE that about 70 percent to 80 percent of refugees in six evacuation centers had returned home.

Some 4,000 evacuees from the towns of Cauayan, Sipalay and Candoni flocked to the evacuation centers a week after the military began bombarding rebel strongholds in the hinterlands.

Some evacuees interviewed by the CHRONICLE said they wanted to go back home but the military would not allow them.

Avelino Loreta, 39, a farmer from Sitio Macarandan in Barangay Camindangan, Sipalay told reporters that the evacuees have to secure military certificates before they could return to their villages.

### Thailand

**U.S. Senator Urges Thai Role in Burma Peace**  
*BK2605025189 Bangkok THE NATION in English*  
26 May 89 p 2

[Text] A US senator has urged Thailand to help mediate a ceasefire between the Burmese government and the ethnic minority rebels fighting for independence from the Thai-Burmese border.

Senator Daniel Patrick Moynihan said in a statement in New York that preliminary negotiations between the two warring parties are but a first step in a process that must include both free elections in Burma and discussions among Burmese people about the nature of a federated union.

Moynihan said he hopes Thailand will play a neutral and constructive role in the discussions and quickly facilitate a ceasefire.

"Thailand is strong and prosperous enough to help resolve conflicts such as this, and to offer comfort to the refugees they create," he said.

Moynihan, also urging the ASEAN countries to assist Thailand in its efforts, added that if Thai officials can convince their counterparts in Rangoon to make peace and to make good on their promise of free elections, "it will be a triumph".

The US senator's call for Thailand's mediation for peace in Burma came after acting Supreme Commander Gen Chawalit Yongchaiyut confirmed on Wednesday [24 May] that Rangoon has accepted in principle Thailand's proposal for ceasefire talks with the ethnic rebels.

In a related move yesterday, Armed Forces Chief-of-Staff Gen Sunthon Khongsomphong denied a press report that the Thai military have planned to host peace talks between the Burmese government and minority rebels in the northern province of Chiang Mai.

**Chatchai Defends Action in Burma, Hun Sen Visit**  
*BK2505145189 Hong Kong AFP in English 1417 GMT*  
25 May 89

[Excerpts] Bangkok, May 25 (AFP)—Thai Premier Chatchai Chunhawan reiterated Thursday a call for peace talks between Burma and ethnic Karen insurgents despite Rangoon's rejection of talks to end some forty years of civil war, parliamentary sources said.

Mr Chatchai was speaking at a House of Representatives emergency closed-door debate prompted by opposition members of parliament following last week's intrusion into Thailand by Burmese Government troops who were attacking a Karen National Union (KNU) stronghold just across from the Thai border. [passage omitted]

Mr Chatchai, confronted by accusations by opposition MPs that Thai Armed Forces had done little to stop the incursion Saturday [20 May] of Burmese troops at the border village of Wang Kaeo, 500 kilometers (300 miles) northwest of here, replied that he had personally ordered the military to open fire with mortars on the Burmese, the sources said. [passage omitted]

Shortly after the House of Representatives debate opened here Thursday, Mr Chatchai asked to go into a closed-door session, arguing that the issue involved relations with a neighbouring country.

Parliamentary sources said that opposition MPs charged during the in-camera debate that the invasion of Thai territory by Burmese was connected with cross-border timber trading.

Opposition parliamentarians claimed that Rangoon's troops went into action to insure delivery of timber from inside Burma to Thai private companies.

Mr Chatchai strongly rejected that contention, the sources said.

He said he had ordered the shelling of the Burmese "covertly" in an attempt to avoid a souring of relations between Thailand and Burma.

Mr Chatchai, who has also moved to become one of the potential peacemakers in the conflict in Cambodia, Thailand's southern neighbour, told the House of Representatives that he wished to see Rangoon and Karen representatives to meet for negotiations, the sources said.

The Cambodian issue was also raised at the closed-door session following another series of questions raised by the opposition, the sources said.

Mr Chatchai defended his dramatic invitation in January this year to invite Cambodia's Hanoi-backed Prime Minister Hun Sen for talks here.

Thailand has been in the forefront of non-communist Southeast Asia's opposition to Soviet-ally Vietnam's 10-year-old invasion of Cambodia to topple a Chinese-supported regime and install a client government in Phnom Penh.

But Mr Chatchai came to office last year saying that he wanted to see peace in Indochina in order to boost Thailand's trading relations with Hanoi and its allies in Laos and Cambodia.

He told the House of Representatives that the Thai Government which had constantly exchanged views with guerrilla factions gathered in a tripartite coalition fighting the Vietnamese and their allies in Cambodia had hitherto decided to also talk to the Phnom Penh government.

Since January, Mr Chatchai has had another meeting here earlier this month with Mr Hun Sen as well as separate talks in Beijing and here with Cambodian resistance leader Prince Norodom Sihanouk.

#### House Debates Burma, Cambodia Policies

BK2605012589 Bangkok BANGKOK POST in English  
26 May 89 pp 1.

[Excerpts] Prime Minister Chatchai Chunhawan yesterday told parliament he personally ordered the Army to shell the Burmese troops who intruded into Thai territory last Saturday [20 May].

Gen Chatchai defended his Burmese and Indochina policies in Parliament during a three-hour closed-door secret session in which Prachakon Thai leader Samak Sunthorawet called for military retaliation against Burma in response to the intrusion.

Replying to criticism that the Government had allowed Thai territorial sovereignty to be trampled on without retaliation, Gen Chatchai told Parliament he personally ordered the Army to fire 57 artillery shells at the Burmese troops who intruded into Ban Wangkaeo in Mae Sot District of Tak Province.

Ps quoted Gen Chatchai as saying: "I ordered the soldiers to fire 57 shells at them, and if there was any return fire they could fire back without limit and without having to ask for permission first."

"We did retaliate immediately but we shouldn't talk about it openly," the Prime Minister said.

The Opposition filed two urgent motions to grill the Government, one on last Saturday's incursion and another on the letter by 94 US congressmen to the Thai Government protesting alleged human rights violations at Khmer Rouge refugee camps along the Thai-Cambodian border.

The opposition also charged there was a split in Thailand's Indochina policy, with Government House and the Foreign Ministry going in different directions.

Solidarity Party MP Buntheng Thongsawat presented the first motion to the House about 10 a.m. and Gen Chatchai immediately requested it be debated in a closed-door secret session, since it might affect relations with the neighbouring countries. Reporters were then asked to leave the press gallery.

However, reporters were later briefed on the *in camera* session by MPs. [passage omitted]

The Premier said he had also offered to act as a mediator between the Burmese Government and the minority rebel groups in an effort to achieve peace, which would not only benefit Burma but also prevent Thai villagers from being hurt when fighting spilled over the border.

Mr Buntheng then presented the second motion, charging that no one quite knew what Thailand's policy really was on Cambodia because Government House and the Foreign Ministry were in deep conflict on the issue and were going in different directions.

He said that in their letter to the Thai Ambassador to Washington, the 94 US congressmen had protested against Thailand allowing its territory to be used by the three Khmer resistance factions.

Soldarity MP for Lamphun, Saman Chomputhep, criticised Foreign Minister Sitthi Sawetsila, saying he was ultraconservative and had been moulded by an earlier career at the National Security Council.

Because of this he could not carry out a diplomatic offensive on Indochina and could not cooperate with the Prime Minister's efforts.

Solidarity MP for Nakhon Si Thammarat, Sutham Saengprathum, said "solidarity" was lacking between the Foreign Ministry and the Prime Minister's office over Indochina.

This was why the Foreign Ministry backed the three Khmer factions and the Prime Minister invited Phnom Penh Premier Hun Sen to visit Thailand.

Democrat MP for Nakhon Si Thammarat, Surin Phitsuwon, said the US congressmen's letter was not an interference in Thai affairs since it did not condemn or protest any Thai actions.

It merely raised human rights concerns about Khmer Rouge camps and it was worrying that such a normal diplomatic move should be utilised to attack the government.



He pointed out that the Thai Parliament and Government had also written directly to the US Congress to lobby on various issues including intellectual property rights, the sugar trade and the Cambodian issue.

Dr Surin admitted there may have been problems between Government House and the Foreign Ministry but these had largely been smoothed out and there was now apparent unity.

The House should support the Government on foreign affairs so as to reduce the gap which had in the past offered room for the military to play a role. This could become a weakness, Dr Surin said.

Prime Minister Chatchai again replied for the Government, saying that the national interest was foremost in the Government's mind on any policy.

In the past Thailand had talked only to the three Khmer resistance factions but he had initiated efforts to talk to the Vietnamese-backed Phnom Penh regime to resolve the question and quickly reach an understanding.

Gen Chatchai said peace in Indochina and Burma was essential to the Government policy of turning the region from a battlefield into a marketplace.

"If border wars are not brought to an end then this policy would be difficult to realise," he said.

The Premier said he had talked to both Prince Sihanouk and Hun Sen and the Prince told him that there was greater understanding after the talks with the Phnom Penh leader.

"We are trying to push for peace in the region so that it can become a trade market. This is important because it would enable the Thai private sector to go and trade with our neighbours," Gen Chatchai said.

MPs said the Prime Minister frequently used his personal brand of humour to lighten up the atmosphere of the debate.

"He told the House that we have to be very clear in our position vis-a-vis the superpowers so that we can hear each other loud and clear but they won't be able to reach us with their kick," one MP said.

The debate was brought to an end at about 1.10 p.m. when the House was adjourned for lunch.

**Deputy Minister Receives Burmese Apology Note**  
BK2605132189 Bangkok Voice of Free Asia in Thai  
1030 GMT 26 May 89

[Text] Burmese Ambassador to Thailand U Nyunt Swe on 24 May called on Deputy Foreign Minister 2d Lieutenant Praphat Limpaphan and presented to him an

aide-memoire dated 24 May from the Burmese Government. The aide-memoire expressed regret and apologized for the incident that took place at Ban Wang Kha Mai, or Ban Wang Kaeo, in Mae Sot District, Tak Province. The content of the aide-memoire is as follows:

The Government of the Union of Burma wishes to apologize for the incident that took place at Ban Wang Kha Mai on 20 May 1980 in which Burmese troops made an unavoidable border crossing into Thailand because they were fired upon by forces of the Karen National Union which has its hideouts in the area. To prevent the recurrence of such incidents in future, the Government of the Union of Burma proposed that a local-level border committee be set up, comprising military unit commanders of both countries. The committee will hold meetings and conduct joint survey in due time at the location where the incident took place. If it is proved that the damages to the Thai village were the result of operations by the Burmese troops, the Government of the Union of Burma will appropriately consider compensating for the losses later on.

**Premier Stresses 'Era of Confrontation' Over**  
BK2605010589 Bangkok THE NATION in English  
26 May 89 p 8

[Text] Following are excerpts from the address by Prime Minister Chatchai Chunhawan at the opening of the National Meeting on Thailand, organized by the World Economic Forum, at the Shangri-La Hotel, May 25.

Many changes, most of them positive, have taken place outside and inside Thailand since then. [as published]

To put it simply, the era of confrontation is over and that we are now in what I call the era of management, where both international politics and domestic politics are concerned.

In the past, the world was split into different, hostile camps. The lines of divisions between enemies and friends were clear and clearly perceived. Most of the nations of the world were organized in different alliance systems, either to deter adversaries or defeat adversaries should deterrence fail. Thailand was no exception. In the past we had to cooperate with friends to confront enemies.

But now the world is much changed.

Conflict and tension have decreased, as more nations realize that the attainment of economic well-being is a necessary goal of national policies. The growing importance of economics serves to persuade government to tone down or remove confrontational postures toward their adversaries and to engage in more cooperative endeavors with them.

Now, for the first time since the end of the second world war, peaceful coexistence among nations has become a reality.

In addition to the trend towards declining tension and conflict among adversaries, there is also a trend towards greater differences among friends and allies. These differences are derived from competing economic interests. At the same time it is apparent that such differences remain limited, because friends and allies still retain common political and strategic interests.

In this context of far-reaching changes in the international political area, policies of confrontation are no longer relevant or beneficial. The key is to manage:

To manage relations with one's adversaries so that conflict is diminished, both through negotiating compromises in divisive issues and through creating common economic interests where appropriate. These processes of management will ensure that relationships among adversaries become more secure and stabilized and strengthen the fabric of peace among nations.

To manage ties with one's friends and allies to ensure that benefits are more equally shared among all and that no one party has to suffer economic losses from a strategic relationship with another.

And to manage one's diplomacy in such ways as to enable one to diversify one's relationships with the outside world and to cope with the increasingly diverse agenda that are contained therein.

For these reasons, since taking office in August last year, my government has striven to improve ties with our Indochinese neighbours. We cannot condone military aggression, nor can we extend diplomatic recognition to governments created and propped up by foreign military forces. But we also recognize that while great powers come and go, neighbours stay forever and that for the sake of long-term peace and security one must talk and deal with neighbours.

In this connection, once the conflict over Cambodia is settled, Vietnam and Cambodia should be allowed to participate fully in the process of global economic development, in order to make Southeast Asia one truly peace and prosperous region. For this reason, I would welcome the role of the private sector, both from inside and outside the region, in helping to bridge the gap between ourselves and the Indochinese countries after the conflict in Cambodia is over.

My government has further striven to put our ties with the United States on a new footing. The alliance with Washington, D.C. has contributed and continues to contribute to Thailand's security. But the management of this alliance relationship must be adapted to the changing realities. Thus, the ongoing security cooperation between the two countries must be supplemented by more systematic efforts to reduce the economic differences that divide us at the present and to seek new venues of cooperation for the future.

My government has also striven to diversify our political and economic relationship with the outside world. Our ties with Japan are strong, and rightly so. Our efforts to increase economic cooperation among the ASEAN countries continues unabated, and indeed ASEAN must remain the cornerstone of our international diplomacy. But we ourselves must also endeavor to seek new friends and new cooperative relationships. For this reason my government will continue to demonstrate interest in schemes of cooperation among the Pacific Rim countries and also in encouraging more exchanges with countries further afield, particularly the European Economic Community members and the Scandinavian countries.

Where Thailand's domestic politics and economy are concerned, the era of confrontation is similarly over.

In the past, we had to confront concrete problems in many areas:

Problems arising from the conflict between those who wish for order, stability and continuity in the country's political, social and economic system, and ideologically motivated armed movements, which seek to overthrow such systems by force.

Problems of lack of economic development, which made Thailand weak and dependent on others.

Now there is no more need to confront these problems.

It is no longer a question whether democracy can survive or not. The fact that I, a member of parliament duly elected by the people, can stand before you and deliver this address is sufficient proof of the strength of our democracy.

Rather, the problem is how to make our democracy even stronger, how to manage things so that popular participation becomes more institutionalized, responsible and meaning.

It is no longer a question whether our political, social and economic order, which is rooted in our tradition and culture, responsive to the rapid changes taking place in the world, how to manage things so that we can keep the best from our past and present and change what has to be changed for the sake of our future. [sentence as published]

It is no longer a question whether Thailand is economically backward or not. The very fact that many people from abroad are talking about Thailand as the next NIC [newly industrialized country] is sufficient proof that the kingdom has made great strides in economic and technological development.

Rather, the problem is how to manage the direction of Thailand's economic development, not only to ensure continued growth, but also to bring benefits to all, to create social justice for all, and to allow a life of quality to be led by all.

For these reasons, since August last year, my government has endeavored to initiate and to accelerate many projects, particularly those connected with infrastructure and technology, which form the basis of our future economic performance, I believe that we must never allow our success of yesterday and today to make us blind to the need to prepare for tomorrow. At the same time we have also sought to preserve our cultural and natural heritage, particularly our forests. For I firmly believe that our present and future prosperity must not be attained at the expense of our past.

My government has also striven to protect and promote the interests of the real engine of our economic growth, that is those who use their labor in the fields and the factories, so that they too can have a real share of the fruits of their labor. For I believe that real, lasting prosperity lies in the improvement of the livelihood and quality of our manpower, and not in attracting foreign markets and investment through preserving a pool of cheap and unskilled labour.

Most important of all, my government has striven to strengthen democracy by allowing greater popular participation and making the political system more responsive to the needs of the people at large.

It is not my task to persuade those among you who are businessmen to invest more in our country or trade more with it. I have had my share of experiences in the business world. I know that the logic and reason of those engaged in trade and industry are usually more solid than politicians' and government officials' and that you will invest and trade when you think it is right to invest and trade, and not because some government leaders say so.

I merely wish to point out that throughout most of our history we have welcomed foreign contributions to our economic development process. Indeed this has been one of our greatest strengths. My government will continue to welcome all foreign economic enterprises which serve to promote the interest of all parties concerned. We will also continue to find ways and means of facilitation foreign trade and investment.

**Sitthi Argues Peace Prerequisite for Foreign Aid**  
*BK2605022589 Bangkok BANGKOK POST in English*  
26 May 89 p 3

[Text] Foreign loans and funds from the West will not be made available to the Indochinese countries until they make "concrete, and not cosmetic changes," to restore peace in Cambodia, stabilize the political situation there and turn their economies into market-oriented ones, Foreign Minister Sitthi Sawetsila said yesterday.

Addressing foreign executives on "Thailand's role in changing Indochina" at the National Meeting on Thailand, organized by the World Economic Forum yesterday, ACM [Air Chief Marshal] Sitthi said while the three countries offered great opportunities for other countries

to trade with and invest in, the reconstruction of their economies would take years and require massive development of their infrastructure.

"In general, the three Indochinese states with their rich natural resources, ample supply of cheap labour and potentially large market for commodities and household items, especially Vietnam with over 60 million people, offer many opportunities in trade, joint ventures and investments in the development of labour-intensive industries, oil and gas, forestry, minerals, fishery and tourism, to name just a few. The possibilities are there, but so are the immediate problems—a short supply of ready cash and capital for investment and lack of adequate infrastructure," he said.

He said that the West and Japan as well as international financial institutes like the Asian Development Bank, the International Monetary Fund, and the World Bank would be the major sources of the massive financial aid required by the three Indochinese countries to rebuild their shambles economies.

But the funds and investment capital would not be forthcoming until these governments fulfil the basic requirements of restoring peace in Cambodia, stabilizing the political situation there and shifting their tightly controlled, centrally planned economies to more open market-oriented ones, he said.

"The Vietnamese and Laotian governments have announced their willingness to tackle these problems and to protect foreign investment. It remains to be seen whether these announcements would be translated into action," he said.

After peace and stability is brought back to Cambodia, he said, Thailand is ready to become a supporting partner for the reconstruction of Indochina. He said Thailand can then serve as the "bridge, gateway or springboard" for the outside world to make economic inroads into the Indochinese countries because of its geographical proximity and their common cultural heritage.

Bangkok, he said, hopes to see an early political settlement of the Cambodian dispute but maintained that such a solution must be acceptable to all parties concerned.

He said the prospect of a Cambodian settlement is now brighter than ever with recent flurry of dialogues among the Cambodian rival factions, although peace is not yet at hand in the wartorn country.

Sitthi also reaffirmed his support for exiled Cambodian resistance leader Prince Norodom Sihanouk as the prospective top leader of a post-settlement Cambodia.

Meanwhile, Thai Ambassador to Vietnam Rangsang Phahonyothin said yesterday Thailand would gain more from direct trade with Vietnam than trading through third countries.



He said Thailand has advantages over other countries in trading with Vietnam because of their proximity and past trade ties before the end of the Vietnam War.

He said he believed that the current visit to Vietnam by a delegation of 80 Thai businessmen would increase the opportunities for the Thai private sector to do business with that communist country.

**Survey of Disputed Border Area With Laos Completed**  
*BK2605025589 Bangkok THE NATION in English*  
26 May 89 p 2

[Text] A Joint survey of the disputed area between Thailand and Laos at Ban Rom Klao has been completed leading to the next round of talks to be held in Vientiane, a spokesman of the Foreign Ministry said yesterday.

Deputy Foreign Ministry spokesman Pratyathawi Tawethikun said the ministry received a report from the Thai-Laotian technical subcommittee yesterday saying that field work in the disputed area between Ban Rom Klao of Phitsanulok and Laos' Bo Ten in Sayaboury was finished on Wednesday [24 May].

The subcommittee, a joint body of Thai and Laotian officials responsible for surveying the boundary line, will present their reports to their respective governments.

Pratyathawi said Thai and Laotian technical teams found "no fundamental differences" during the two surveying trips into the 75 sq km dispute area.

Informed sources, however, told THE NATION that the Vientiane talks face some difficulties involving the interpretation of the 1907 Franco-Siamese Treaty which both sides use to support their claims over the area.

Both sides had agreed to use the treaty as a reference for the demarcation line but the translations have some slight differences.

"The wording they used has some ambiguity which will have to be sorted out in Vientiane," the sources said.

The surveying team made aerial and land surveys to single out border demarcation marks including waterways and mountain ridges as referred to in the 1907 Franco-Siamese Treaty and relevant maps to be used in the negotiations.

The Foreign Ministry is expected to ask Vientiane to convene the next round of talks of the Thai-Laos Border Committee in the Laotian capital as the first round was held in Phattaya, Pratyathawi said.

According to the joint press release of the subcommittee issued by the Department of Information yesterday, both sides praised each others' sincerity in conducting the survey in a cordial, understanding and friendly atmosphere.

**India's Rao Arrives for Talks on Trade, Cambodia**  
*BK2505095589 Bangkok THE NATION in English*  
25 May 88 p 2

[Text] Indian Foreign Minister P.V. Narasimha Rao arrived in Bangkok yesterday for talks on bilateral affairs as well as the Cambodian problem.

He will participate in the first official Thai-Indian dialogue since Prime Minister Chatchai Chunhawan visited New Delhi in March.

Rao will meet his counterpart, ACM [Air Chief Marshal] Sitthi Sawetsila, this morning. The two will preside over the two-day meeting of the Thai-Indian Joint Commission, which will be held today, a senior Foreign Ministry official said.

Kopsak Chutikun, deputy director-general of the Political Affairs Department, said Sitthi and Rao will discuss a wide range of issues from bilateral ties to international matters, while the joint commission will concentrate on laying groundwork for the two countries' future political and economic cooperation.

Sitthi views the meetings as an important milestone in bilateral relations, said Kopsak.

Kopsak said the two leaders are expected to exchange their views on the latest development in Cambodia and diplomatic moves to bring peace to the country. India recognizes the Vietnamese-backed regime in Phnom Penh.

Thailand has good relations with India's neighbouring countries—Pakistan, Bangladesh, Nepal, and Sri Lanka. Deputy Foreign Minister Praphat Limpaphan is scheduled to visit Bangladesh and Nepal next week.

The Sino-Soviet summit and the present political turmoil in China and its impact on the whole of Asia would be another important topic in today's talks, said Kopsak.

The joint commission, to be divided into political and economic working groups, will have extensive discussions on how to strengthen bilateral ties and cooperation, especially in terms of investment and technology transfer from India to Thailand, he said.

**Praises Chatchai's Efforts for Peace**  
*BK2505143789 Bangkok Domestic Service in Thai*  
1300 GMT 25 May 89

[Text] Spokesman of the Prime Minister's Office Suwit Yotmani reported that Indian External Affairs Minister Narasimha Rao and his delegation, accompanied by Foreign Minister ACM Sitthi Sawetsila and Foreign Ministry Permanent Secretary M.R. Kasemsamson Kasemsi, called on Prime Minister General Chatchai Chunhawan at Government House at 1500 today. The Indian external affairs minister is in Thailand to attend the 25-26 May

meeting of the Thai-Indian joint commission, which was set up under an agreement reached during the March visit to India of the Thai prime minister.

The prime minister welcomed the Indian minister and asked him to convey his best regards to Indian Prime Minister Rajiv Gandhi. The Indian external affairs minister expressed satisfaction over the growth of bilateral relations. He said he had noticed during his present visit to Thailand that Indian businessmen are eager to invest in Thailand, and this reflects Thailand's success in economic development. He praised the Thai prime minister's policy of changing battlefields into trade zones, which, he said, contributed to peace in the region. This can be seen from the progress made in efforts to achieve a political settlement to the Cambodian problem. He attributed the success to the bold and correct decision made by the Thai prime minister.

On the settlement of the Cambodian problem, the Thai prime minister reported that there had been an improvement in attitude between Prince Sihanouk and Hun Sen following their meetings, and this made him think that there could be an early solution to the Cambodian problem.

**PRC Armed Forces Donate Development Equipment**  
*BK2305093089 Bangkok Voice of Free Asia in Thai*  
*1030 GMT 22 May 89*

[Text] On 15 May at the Army auditorium, Lieutenant General Chatchom Kanlong, assistant Army chief of staff for logistics, on behalf of the Thai Armed Forces, signed a document under which the Chinese armed forces will donate equipment to be used in support of the royally-initiated development program in the northeast. The deputy director of the Chinese armed forces ordnance department signed on behalf of the Chinese armed forces.

According to Lt Gen Chatchom, the donated Chinese equipment totaled 36 earth moving vehicles of various types valued at about 120 million baht. They will be delivered to Thailand in September.

**Rice Exports Double in 4 Months of 1989**  
*BK2405035889 Bangkok THE NATION in English*  
*24 May 89 p 16*

[Text] The Iranian government has reached an amicable agreement with representatives of eight major Thai exporters in Tehran to pay US\$3.8 million for the rice shipment made earlier this year.

The agreement thus averted possible breakdown in trade relations between Thailand and Iran after Bombay Trading Co, a Singapore-based broker acting on behalf of Iran, refused to pay for the shipment citing discrepancies in the delivery against the letter of credit terms. [passage omitted]

Meanwhile, the Board of Trade has announced that Thailand exported a record volume of rice during the first four months of this year.

The total volume of rice export during this period doubled compared to the same period of last year to [as published] 1,170,144 tonnes although the average price dropped slightly. Of the total rice exports of 2,258,045 tonnes, 43,161 tonnes were sold by the Commerce Ministry while 2,214,883 tonnes were from the private sector generating an income of Bt [baht] 15.1 billion or Bt 6,692.79 per tonne.

In April, 588,200 tonnes of rice were shipped. Major markets of Thai rice are China, Indonesia, Malaysia, Singapore, Hong Kong, Cuba, Kuwait and Senegal. China imported 613,658 tonnes of Thai rice during this four-month period, 281,300 tonne more than that of last year while Indonesia imported 281,300 tonnes, 270,900 tonnes over last year.

As for the remaining part of the year, it is expected that ASEAN will hold the largest share in Thai rice imports with China, Indonesia, Hong Kong, Singapore, Malaysia and the Philippines as major markets.

In the middle of April, Philippines has signed in an agreement with the Thai Commerce Ministry to purchase 5,000 tonnes of A-1 broken rice for deliveries in May and June this year. Private exporters have reached an agreement to export 100,000 tonnes of 100 percent rice to the Soviet Union for delivery in June.

## Vietnam

**Leaders Greet Gorbachev on Election as President**  
*BK2605091589 Hanoi Domestic Service in Vietnamese*  
*0500 GMT 26 May 89*

[Text] Today, Comrades Nguyen Van Linh, general secretary of the Communist Party of Vietnam Central Committee; Vo Chi Cong, chairman of the Council of State; and Do Muoi, chairman of the Council of Ministers of Vietnam, have sent a message of greetings to Comrade Gorbachev, on the occasion of his election as president of the Supreme Soviet. The messages reads:

On the occasion of your election as president of the Supreme Soviet, we would like to extend to you our sincere and warmest greetings.

The Congress of the Soviet People's Deputies was an important event in the political and social life of the Soviet Union. It strongly demonstrated the Soviet people's determination to overcome all obstacles in successfully implementing the renovative line of the 27th CPSU Congress.

Your election as president of the Supreme Soviet reflected the people's confidence in you, Comrade, the outstanding leader of the party and State of the Soviet Union.

The party, government, and people of Vietnam highly valued your contributions to the world struggle for peace and progress and to consolidating the solidarity and friendship and improving the efficiency of the cooperation between Vietnam and the Soviet Union in conformity with the spirit of restructuring and renovation of our two parties and two countries.

The Vietnamese people warmly hail and totally support the new peace initiatives of the Soviet Union and welcome the results of the recent Sino-Soviet summit and the normalization of relations between the Soviet Union and China, regarding this as a positive contribution to peace, security, and cooperation in Asia, the Pacific, and the rest of the world.

We are deeply convinced that under the CPSU's leadership, the Soviet people will carry out successfully all the historic tasks laid down at the 27th CPSU Congress and the All-Union Party Conference.

We wish you good health and new, greater achievements in your lofty and heavy mandate.

#### **Hunger Strike by Beijing Students Reported**

BK2405123989 Hanoi International Service in English  
1000 GMT 24 May 89

[Text] Reports from Beijing said that university students continued their hunger strike while tens of thousands of sympathizers converged on Tiananmen Square despite martial law since 20 May. A Chinese newspaper, BEIJING DAILY, reported that the present situation in the Chinese capital is similar to that at the start of the Great Cultural Revolution. The daily predicted great chaos if the authorities failed to take resolute and timely measures.

#### **Official Voices Support for Thai Trade Policy**

BK2505042789 Bangkok THE NATION in English  
25 May 89 pp 1, 2

[Excerpts] Hanoi—Vietnam's Deputy Premier Nguyen Co Thach is happy with the outcome of the Sino-Soviet summit which he said did not "jeopardize" the interest of a third country.

Thach told a group of Thai reporters accompanying a high-powered delegation of about 70 leading businessmen, industrialists and bankers last Monday [22 May] that the result was very good for Vietnam. [passage omitted]

Meanwhile, Le Van Triet, deputy minister of foreign economic relations, said in a keynote speech to the Thai delegates that the Thai team was the largest of its kind to Vietnam and their trip boosted the momentum for further cooperation between the two countries.

He said Vietnam fully supported Prime Minister Chatchai Chunhawan's policy of turning the Indochinese battlefields into marketplaces.

Triet also said that Vietnam wants Thai farming experiences to develop its agriculture and its agro-industry. It also needs certain farming tools and machines to process agricultural products for its agro-industry, he said.

He also put forward the following proposals for the Thai delegation to relay to the Thai government:

- Mutual commitments to exchanges of visits by both the private and public sectors of the two countries for further discussions on the possibilities and terms of future cooperation, joint ventures in different areas. Such fact-finding visits would help the two sides identify the areas where they could cooperate.
- Revival and revision of the 1978's bilateral agreement on trade, economic, scientific and technical cooperation.
- Exploring the possibility of setting up a joint commission on trade, economic, scientific and technical cooperation. The commission will serve as a forum for discussions on immediate and long-term cooperation both at the government level and between the two private sectors.
- Studying the possibility for their cooperation to mobilize funds from international institutes, multi-national companies as well as seeking assistance and credit facilities from other governments for Vietnam.
- Organizing seminars, exhibitions in the two countries to allow economists, politicians and businessmen from the two countries to interact and deepen their understanding on each other.
- Creating favourable conditions to strengthen the relations between the trade, industrial, banking and financial institutes of the two countries. It should start with closer ties between the Chamber of Commerce and Industry of Vietnam and the different chambers of commerce in Thailand.

#### **Joint Venture Accord Signed With Thai Firm**

BK2505022989 Bangkok THE NATION in English  
25 May 89 pp 1, 2

[Excerpt] Hanoi—A Thai company has concluded two multi-million-baht joint ventures with Vietnam in the construction of a resort hotel and casino on an archipelago and the renovation of the biggest hotel in Hanoi, a company executive said yesterday.

This is the first such business venture in the area since Prime Minister Chatchai Chunhawan's much-publicized policy of turning the Indochinese war zone into a commercial zone.

The Thanini Trading Co Ltd is to jointly develop the Cat Ba archipelago, about 40 kms from Haiphong port, with Vietnam's Forestry Ministry. The Thai Military Bank is funding the joint venture, the first of its kind in Vietnam.



In another deal, the group will renovate Hanoi's biggest hotel, the Thong Loi, upgrading its services and facilities to international level, president and managing director of the company Triwit Phumphuang said.

The foreign entrepreneur most trusted by the Vietnamese, Thanini Group had previously won two contracts to renovate two hotels in Ho Chi Minh City and a licence to organize "hunting tours" for foreigners who take pleasure in hunting the wildlife in Vietnam's four national parks. [passage omitted]

**Tran Xuan Bach Speaks on 6th Plenum Resolution**  
*BK2405085189 Hanoi Domestic Service in Vietnamese*  
0500 GMT 24 May 89

[Text] On 22 and 23 May, the Vietnam Lawyers Association Executive Committee met to review the association's activities during the past 6 months and to study the party Central Committee's sixth plenum resolution. Comrade Tran Xuan Bach, member of the party Central Committee Political Bureau, addressed the conference on the sixth plenum resolution and judicial work.

A noteworthy feature of the association's activities during the past 6 months is its active participation in fostering judicial work, with the emphasis on contributing views to the drafting of various laws such as the law on revising and supplementing the law on the election of representatives to the people's councils and the law on the organization of the people's councils and people's committees at all levels.

Speaking at the conference, Comrade Tran Xuan Bach pointed out the theoretical bases of the party Central Committee's sixth plenum resolution and introduced the fundamental substance and importance of this conference in the process of implementing the sixth party congress resolution.

At this conference of the association, which was opened and chaired by its president Phan Anh, the executive committee accepted the resignation of Comrade Nguyen Thuong as secretary general on health grounds, and appointed Comrade Phung Van Tuu as the association's new secretary general.

**Gia Lai-Cong Tum Party Committee Meets**  
*BK2405091389 Hanoi Domestic Service in Vietnamese*  
1430 GMT 23 May 89

[Text] The Gia Lai-Cong Tum provincial party committee recently held a conference on implementation of the party Central Committee's sixth plenum resolution.

The conference decided to concentrate efforts on all the targets of the three economic programs aimed at fulfilling at all costs various planned norms for 1989, which

involve implementing the Political Bureau's resolution No 10 on agriculture, solving a number of pressing problems concerning social policies, and renovating economic policies.

On the basis of the results of the party organization congresses at the two levels, the conference decided to continue consolidating and streamlining all party committee echelons, establishing a firm political system, improving work related to national defense and security, and seeking a thorough understanding of the viewpoints concerning the need for a comprehensive and uniform change in all domains of social life in the province.

The conference also decided to contribute local capital and budget resources—which are still limited—to various key state projects, such as the Djor Ha water conservancy network and the Ia Ly hydroelectric powerplant. In the immediate future, together with energy and construction sectors, Gia Lai-Cong Tum will actively participate in preparing for the construction of the Ia Ly hydroelectric powerplant.

**Localities in Hau Giang Hold Party Congresses**  
*BK2505061089 Hanoi Domestic Service in Vietnamese*  
1100 GMT 25 May 89

[Text] To date, 12 of the 14 units, districts, and cities of Hau Giang Province have finished holding party organization congresses.

Before holding congresses, the districts, towns, and cities concerned had arranged for party members of basic party organizations to contribute suggestions to the drafting of various documents and to recommend candidates to the new executive committees. The suggestions mostly focused on determining the potentials and strengths of each locality. At the same time, they boldly pointed to the remaining shortcomings of each party organization. These suggestions were all collected and reported to the congresses.

**Do Muoi Stresses Need for Modernization in Firms**  
*BK2605052589 Hanoi Domestic Service in Vietnamese*  
0500 GMT 25 May 89

[Text] Comrade Do Muoi, member of the Political Bureau and chairman of the Council of Ministers, recently paid a working visit to Ha Nam Ninh Province. Comrade Bui Xuan Son, secretary of the provincial party committee, and Dinh Gia Huan, chairman of the provincial people's committee, guided Chairman Do Muoi on a tour to inspect the actual situation at a number of places, such as the 1 May Ocean-going Shipbuilding Factory, the Frozen Shrimp Enterprise, the Thang Loi Knitting Factory, the Nam Dinh Silk Weaving Plant, the Jute Processing Plant, the Nam Ninh Tailoring Factory, and the Nam Dinh Brass and Aluminium Casting Enterprise which is Ha Nam Ninh's first privately owned business establishment.

At these places, the chairman spent time meeting the workers and hearing their reports on the production and everyday life situation. He praised the achievements recorded by the enterprise and factory cadres, workers, and employees who have overcome difficulties and trials in the process of renovating the mechanism of management, shifting to business accountability, and step by step removing obstacles in a dynamic and creative manner in the spirit of Resolution No 217 of the Council of Ministers.

Chairman Do Muoi gave enterprise directors many suggestions regarding production, business, and product marketing activities and proposed measures aimed at maintaining production and improving the living conditions of cadres, workers, and employees. He also analyzed the irrational and uneconomic activities of some enterprises.

At Nam Dinh Municipality, the Council of Ministers chairman spent half of his time there holding a meeting with more than 70 key leading cadres of the province and a number of directors of state-run local and central production and business establishments situated in Ha Nam Ninh.

Speaking at the meeting, Chairman Do Muoi praised many state-run establishments for having made progress in renovating the mechanism of management in the spirit of the resolutions issued by the party and the Council of Ministers and for having achieved good results in many respects. The chairman called on leading cadres of the province as well as directors of factories, enterprises, and companies to overcome difficulties and continue renovating management so as to enable their establishments to make ever bigger progress, achieve development, and operate more efficiently.

Chairman Do Muoi urged production and business establishments to pay attention to such factors as linking planning closely to the market and linking production to product marketing in order not only to meet the domestic demands but also to reach foreign markets. To achieve this, he said, it is necessary to vigorously switch over to business accountability, constantly broaden the variety of products, improve productivity and product quality, and lower production costs.

Utmost attention, he added, should be given to accumulating capital for modernizing equipment and technology, constantly changing the design and variety of products to meet customers' demands and the current fashion, improving workers' skills, satisfactorily carrying economic and financial policies of the party and state, successfully meeting the three interests, caring more for the benefits of workers, renovating the party's leadership, the workers' participation in enterprise management, and the directors' supervisory authority to overcome difficulties and obstacles, boost production, and thus, together with the entire country, contribute to

gradually freeing the national economy from the current state of stagnation and insolvency and continuing the upward development of the cause of national construction and defense.

**Southwestern Provinces Urged To Curb Smuggling**  
*BK2305132589 Hanoi Domestic Service in Vietnamese*  
1100 GMT 23 May 89

[Text] Recently, there has been a fairly massive illegal influx of foreign goods into our country across our southwestern border. The localities having ports of entry and border areas have formulated vastly different managerial, trading, and price policies—breeding chaos in the circulation of goods and causing difficulties to local production and market management.

To put an end to this state of affairs, the Central Market Management Committee has held several meetings with representatives of the southwestern provinces to discuss measures to curb smuggling of foreign goods. On 21 February 1989, the Council of Ministers issued Directive No 33/CT to give guidance on the management of goods exchange across the southwestern border. However, the flow of illegal imports has continued unabated. The party organizations and authorities of the provinces and localities with ports of entry and border areas should reexamine their implementation of the Council of Ministers' directive and adopt necessary measures to severely and justly deal with units and individuals intentionally violating the law by smuggling goods into the country through the southwestern border, thus jeopardizing local production and market management.

**Smuggling Reported Off Kien Giang Coast**  
*BK2605092189 Hanoi Domestic Service in Vietnamese*  
0500 GMT 25 May 89

[Text] Answering a question by a Voice of Vietnam correspondent about efforts to check the importation of contraband goods in the sea area of Kien Giang, Comrade Nguyen Van Cau, chairman of the province, said that Kien Giang is taking firm measures to deal with this complex situation; and right in front of newsmen, the comrade chairman signed an order authorizing an emergency supply of oil for the Customs force to intercept smugglers.

According to the chairman of Kien Giang Province, the smuggling situation in this sea area is serious. More than 1,000 fishing boats from virtually every province and the maritime products sector operating in the sea area of Kien Giang have been engaged in black marketeering. Even mountain provinces such as Cao Bang have also organized their own fishing fleets which, in reality, spend only little time fishing and are more concerned with buying maritime products and exchanging them for goods from foreign vessels. Smuggling activities do not take place at any fixed place but rather in a large sea area, thus making it very difficult to control.

About control measures, the comrade chairman of Kien Giang Province said:

On 8 May, the province set up a special smuggling control group jointly staffed by personnel from the Customs, Public Security, and Border Defense sectors; and boats have been sent out to patrol key communication lines. Implementing the Council of Ministers' directive, the province will strictly deal with any boats engaging in smuggling activities no matter who their owners may be. Meanwhile, it has issued a decision on reorganizing the various centers where goods exchange with foreign countries is allowed. Organs which are not permitted to carry out goods exchange will be fined and prosecuted if they engage in smuggling activities.

The comrade chairman of Kien Giang Province praised the press and the radio for having made this issue public so that the sectors and localities concerned can jointly resolve this unhealthy situation.

#### **Party Journal Editorial on Renovation**

BK2405095289 Hanoi TAP CHI CONG SAN  
in Vietnamese Apr 89 pp 17-21

[Editorial: "Vigorous Renovation Based on Fundamental Principles"]

[Text] The sixth plenum of the party Central Committee has been one of the most important plenums since the sixth party congress. An important feature that set this conference apart from the previous ones was that it "further substantiated and developed the viewpoints of the sixth party congress resolution in a number of vital domains and, more importantly, that it succeeded in affirming fundamental principles for guiding the renovation in our country. These principles serve as a basis for unifying the thoughts and actions of our entire party and people and as a firm guarantee that the renovation will not deviate from socialism." (Footnote 1) (Closing speech by Comrade Nguyen Van Linh)

These fundamental principles are:

1. Advancing to socialism is the inevitable path of our country, and this is a clear-sighted choice made by Uncle Ho and our party. Building a socialist Vietnam is the goal and ideal of our party and people. Renovation does not mean changing the goal of socialism. It means ensuring the effective realization of that goal through the adoption of correct concepts of socialism and suitable forms, steps, and measures.

2. Marxism-Leninism always serves as the ideological foundation of our party and guides the entire revolutionary undertaking of our people. Renovation in thinking is designed to overcome erroneous concepts and enrich correct concepts about our time and socialism for creative application and development, rather than to break away from the principles of Marxism-Leninism.

3. Renovating the organization and operational mode of the political system is meant to strengthen the party's role of leadership and the state's managerial efficacy and to develop the people's right to mastery—that is, to enhance the strength and efficiency of the dictatorship of the proletariat and make the organization of the political system operate in a more dynamic and effective manner.

4. Party leadership is the factor deciding the success of our people's undertaking to build and defend the socialist fatherland. We must criticize the tendency to negate or belittle party leadership, and at the same time we must attentively listen to and accept sincere views critical of shortcomings in party leadership and party building.

5. Broadening democracy in all fields of social life and developing the people's right to mastery is both the goal and the driving force of building socialism. This is socialist democracy, not bourgeois democracy. Democracy must go together with centralism, discipline, the sense of responsibility as citizens, and respect for the law. Democracy requires leadership, and leadership must be aimed at developing democracy in the right direction and through correct democratic methods. Democracy applies to the people, but strict punishment must be meted out to those who undermine the gains of the revolution, security, and social order.

6. It is necessary to combine patriotism with proletarian internationalism and socialist internationalism, and to combine the strength of the nation with the strength of our time under the new conditions.

It is true that, to provide a firm theoretical basis for the cause of renovation, our party must make clear the model of socialism to be built in Vietnam as well as the essence of socialism, the steps to be taken, and the forms in which these steps will be implemented in the period of transition to socialism in our country. This is a very legitimate requirement, but it is a requirement that can be met only by a comprehensive political program. Implementing the sixth party congress resolution, the party is embarking on urgently formulating such a program. The sixth plenum of the party Central Committee was just a regular meeting and could not fulfill that requirement. However, its general assessment of the practical results obtained in 2 years of implementing the sixth party congress resolution and its confirmation of the six principles to serve as the basis for the cause of renovation have obviously alleviated the worries and concerns of many about the progress of socialist construction in our country. In reality, that is also a most practical and active preparation for the elaboration of the party's political program.

These six basic principles and conclusions made at the sixth party Central Committee plenum will help us better carry out ideological work, eliminate concerns by some people who are afraid that renovation will divert us from socialism, and correct erroneous judgments that our state is not yet a state of the dictatorship of the



proletariat. Assertion of these basic principles and conclusions of the sixth party Central Committee plenum will help expose schemes of opportunist elements who have taken advantage of the renovation to seek personal interests; it will also disappoint dissident elements and opposition and reactionary forces who have taken advantage of difficulties and the broadening of democracy and openness to criticize the party and its leadership, to deny socialism, and to make propaganda for capitalism and other reactionary viewpoints.

The revolution of the bourgeois class differs from the proletarian revolution in that the latter really begins only when it has already seized power. This is the meaning of Lenin's viewpoint on continuing revolution. The administration of the dictatorship of the proletariat is the administration for the transitional period toward socialism. Our country entered the socialist revolution in a special condition, and we set off not only from the small-scale, backward production system but also from the consequences of repeated wars which were very cruel. Formulating a socialist model for Vietnam is not a task that can be completed in a couple of years. As a result, it is not difficult to explain why our party made mistakes in building socialism. However, we should explain this in a scientific manner to draw useful lessons. Not all mistakes are indispensable, but it is obvious that many mistakes are unavoidable considering their conditions and historical background. Two great wars of resistance of our nation under the party leadership are being pushed into the past. Today's and tomorrow's generations, if not educated, may think that these victories were natural (not to mention those ungrateful and weak persons who insulted our ancestors when faced with temporary hardship). In the process of achieving these great victories, our party and nation faced two options: to fight for victory or to accept domination. President Ho Chi Minh spent sleepless nights; our party leaders tossed and turned, worried, and pondered, and our cadres and people made boundless sacrifices to formulate policies, positions, and measures to gain these victories. It is necessary to study our party's present cause of renovation in a calm, objective, and scientific manner, considering our achievements and the difficulties experienced in the past years.

Although the Sixth CPV [Communist Party of Vietnam] Congress set forth a very correct motto of looking toward the truth and speak about the truth, seeing the truth, especially in seeking to explain reform, is not a task that can be achieved in a moment or a short period of time. It is a process of a comprehensive, protracted, and hard revolution. As a result, we must, on the one hand, be serious with subjective shortcomings; while on the other hand, we must be able to identify each factor and each degree of progress achieved. The sixth party Central Committee plenum taught us to see things in this concept, thus helping us to recognize things as their existence.

Renovation is, in effect, aimed at step by step finding the right model of socialism in Vietnam to successfully realize all of our immediate and long-term objectives. The past 2

years and more of implementing the sixth party congress resolution show that renovation must begin in the thinking of every individual, but its success depends on the efforts of all and on the lines and leadership of the party. "To consider the people as roots" is, in essence, to use mass awareness as the driving force and to rely on it as a source of strength to take action. Lenin said: "A country becomes strong when the masses know everything clearly; the masses can judge everything and take action with consciousness" (Footnote 2) ("Complete Works of V.I. Lenin," Progress Publishing House, Moscow, 1978, Vol 35, p 23) The above-said fundamental principles, which have been clarified by correct reasonings and proved by reality, will foster and strengthen confidence for all forces to wholeheartedly struggle for socialism, restore confidence for those who waver and become pessimistic in the face of mounting difficulties, and lead the masses to conscious action. Comrade Nguyen Van Linh rightly said: "Nothing is more dangerous to the revolutionary cause than disorientation and the absence of a way out." Now, the orientation is clear, and the way out is gradually appearing.

The six fundamental principles of the party Central Committee sixth plenum resolution are organically interrelated, and they form a system consistently oriented toward socialism. Socialism is totally different from capitalism in the system of public ownership of the means of production, the nonexploitation of man by man, the absence of unemployment, democracy for all, and social equity based on the principle of "work according to one's ability and to each according to his work." Therefore, socialism is most humane, with all efforts devoted to serving man and his comprehensive development; here lies the superiority of socialism over capitalism. No one would accept "poverty socialism" or "military camp socialism," which is naturally inferior to capitalism. To have true socialism we need a developed economy, a high culture, and a modern civilization; and to have all these, we must go through a period of transition.

The transitional period, as Lenin said, "means that there exist in the current system elements, components, and parts of both capitalism and socialism" (Footnote 3) ("Complete Works of V.I. Lenin," Progress Publishing House, Moscow, 1978, Vol 43, p 248) That system is a socialist system in the sense that "we are resolved to take a transitional step toward socialism and not entirely in the sense that we already recognize the current economic system as socialist" (Footnote 4) ("Complete Works of V.I. Lenin," Progress Publishing House, Moscow, 1978, Vol 43, p 248) The administration under that system is the state of the dictatorship of the proletariat whose main essence lies in the organizational and disciplined character of the laboring people and their vanguard unit and sole leader—the proletariat that is represented by the communist party—and whose goal is to build socialism. Democracy under that system is socialist democracy; and Lenin on many occasions stressed that the true essence of the dictatorship of the proletariat is socialist democracy (proletarian democracy).

In our society, there still exists the feeling of fear of the dictatorship of the proletariat and "transformation." Many people still experience nightmares about the policies of "containment," "abrogation," and "destruction." The main reason for this is that our party at times espoused incorrect concepts about the class struggle and adopted erroneous policies. The party Central Committee sixth plenum dispelled this feeling. The plenum resolution points out: The policy of a multisectorial economy is of long-term strategic significance, and it reflects democracy in the economic field. Private economic components will terminate their role when they no longer develop their effect. We must recognize the existence and development of private economic components while directing them, through the use of economic and educational measures, to invest chiefly in production and services for production, limiting their participation in trade and food catering business, and effecting state supervision and control to gradually bring their activities into the orbit of socialism. Comrade Nguyen Van Linh elaborated: "It is through the utilization, management, regulation, supervision, and control of the capitalist economy by the socialist state that we can turn it into different forms of state capitalism. In so doing, we will be carrying out socialist transformation in a realistic and effective manner. Also, the big term 'transformation' need not be used, for it will cause fear among the people and recall bad memories of past events. The simplistic and rude former methods of transformation crippled the production forces of the individual and private capitalist economies, which are, as a matter of course, badly needed by our society." (Footnote 5) (closing speech at party Central Committee sixth plenum)

In the past 2 years, the party Central Committee and the Political Bureau have issued many resolutions to concretize and develop the sixth party congress resolution and have defined with an ever-increasing clarity the contents of renovation for various fundamental areas. The party Central Committee sixth plenum resolution further concretizes and develops the thinking of the congress. The six fundamental principles set forth in the resolution constitute the concretization of the political and ideological orientations of the congress, and they serve as a compass to show the way for the renovation undertaking of our party.

However, it is totally incorrect to hold that there are no more or only trivial problems regarding ideology and thinking in the process of renovation. The outstanding problems remain formidable: The task of continuing to review, study, and experiment with a fairly complete system of concepts about socialism and each area of activities is still heavy; and the new thinking reflected in the various resolutions has not been deeply and broadly—and in some cases correctly—understood. Conservative and impatient tendencies, together with erroneous concepts that run counter to the new thinking, are big stumbling blocks on the path toward renovation. Also, theoretical work cannot stop with general concepts; it must embark on each specific area of realities and

discover new factors and the forces of resistance to renovation in order to analyze them and find profound solutions to new problems arising from life.

Together with the previous resolutions of the party Central Committee and those of the Political Bureau, the sixth plenum resolution is the compass guiding our action in the coming period. With firm confidence in the leadership of the party Central Committee, our entire party and people should quickly apply these resolutions to life and at the same time, continue thinking, searching, creating, and bringing into play all intellectual potentials to improve, supplement, and develop the orientations of the sixth party congress for use as a sound theoretical basis so that our party's renovation cause will step by step achieve success.

#### **Agricultural Production Report Update**

BK2105091589 Hanoi Domestic Service in Vietnamese  
1100 GMT 20 May 89

[Summary] "By 15 May, the southern localities had harvested nearly 900,000 hectares of winter-spring rice, almost 97 percent of the transplanted area. According to reports from various localities, the Mekong Delta had a bumper winter-spring rice crop with a yield estimated to reach 46 quintals per hectare, an increase of 1 quintal per hectare over the last winter-spring rice crop. In the north, the winter-spring rice on 60-70 percent of the transplanted area has grown ears.

"Cultivation of this year's summer-fall rice crop has progressed rapidly. As of 15 May, all localities had finished transplanting on 600,000 hectares, accounting for almost 60 percent of the area plan."

In the past 10 days, rice pests have appeared in many localities. "In Nghe Tinh, some 10,000 hectares of rice are being ravaged by brown leafhoppers and rice planthoppers, with the infestation density ranging from hundreds to thousands of bugs per square meter. In the lowland and mountainous provinces, the infestation density has been increasing rapidly.

"Meanwhile, in the South, leaf rollers are harming the early summer-fall rice in Tay Ninh, Tien Giang, Song Be, and Ho Chi Minh City, and in the central provinces, rice stem borers are being found on the early summer-fall rice with an infestation density ranging from 1-4 bugs per square meter.

"In the Mekong Delta provinces, paddy thrips are attacking the early summer-fall rice. Some 2,000 hectares are affected in Tien Giang, Song Be, and Ben Tre Provinces with an infestation density ranging from hundreds to thousands of bugs per square meter."

The Ministry of Agriculture and Food Industry suggests that all localities concentrate on stepping up the transplanting of summer-fall rice next week. In the north, urgent preparations should be made for sowing 10th-month rice seed in low-lying areas and for protecting the winter-spring rice from local drought and flash floods. Meanwhile, attention should be given to monitoring the pest infestation situation and taking effective measures to protect the 5th-month spring rice from pests.

## New Zealand

### Chinese Minister Arrives To Begin 6-Day Visit

BK2605062389 Hong Kong AFP in English 0555 GMT  
26 May 89

[Text] Wellington, May 26 (AFP)—China's Civil Affairs Minister Cui Naifu arrived here Friday, going ahead with a six-day trip despite the turmoil in his country, an internal affairs spokesman said.

Mr. Cui, whose areas of responsibility are social welfare, civil defence, local government and war pensions, will hold talks with government ministers here holding similar portfolios, the spokesman said.

Employment Minister Phil Goff has yet to decide if he will go ahead with a visit to Beijing scheduled to begin Sunday, a spokeswoman for his office said Friday.

Mr. Goff was keen for the visit to proceed, and would wait until Sunday, when he will be in Tokyo, to make a final decision based on the advice of New Zealand and Chinese officials, she said.

Mr. Goff, who is also associate minister of education, was to hold talks in China on educational reform, student exchange programmes and New Zealand's contribution to agricultural education in China.

A Wellington member of Parliament, Sonja Davies, said Friday she had decided to cancel a visit to China planned for early next month after being told by Chinese officials here that a visit was inadvisable.

## Papua New Guinea

### No End in Sight Seen to Bougainville Troubles

BK2505105489 Hong Kong AFP in English 1039 GMT  
25 May 89

[Text] Melbourne, Australia, May 25 (AFP)—Work at the world's largest open-cut copper mine on Papua New Guinea's troubled Bougainville Island has stopped indefinitely, the mining company said here Thursday.

Bougainville Copper Ltd (BCL) Chairman Don Carruthers said there was no end in sight to the dispute with militant landowners that stopped production at the company's mine 10 days ago.

"What we are faced with here is violence on a major scale," Mr Carruthers said of the dispute, which has left three soldiers and at least 12 civilians dead.

The landowners are demanding millions of dollars in compensation for land lost to the mining concern.

The company was concerned for the safety of its employees at the Panguna mine, who were evacuated from the mine area earlier in the week after company buses were fired upon.

But BCL would not abandon the mine, he said.

"You can't just walk away," he said, adding that Bougainville's 20,000 people depended on the mine for their livelihood.

Mr Carruthers, who returned from a visit to Bougainville Thursday morning, told reporters the mine would stay closed until security had been restored, but "it's not predictable when that can be."

He said it was difficult to judge what the company could do to help solve the situation.

"The problem of making any offer is that we don't know where that would get us," Mr Carruthers said.

He ruled out BCL's 53.6 percent parent CRA Ltd giving up further equity in the mine.

The company is 19.1 percent owned by the Papua New Guinea Government, generating significant revenue for Port Moresby, of which about one percent goes to landowners.

Two ships bound for Bougainville to collect concentrate have been turned back.

The question of declaring force majeure—where a company exempts itself from supply contracts because of events outside its control—had not yet arisen, he said.

Mr Carruthers said Bougainville copper was losing more than two million Australian dollars (1.5 million U.S.) a week in net profit as a result of the shutdown.

## Solomon Islands

### Government Detains Japanese Fishing Boat

OW2505082089 Tokyo KYODO in English 0713 GMT  
23 May 89

[Text] Sydney, May 23 KYODO—A Japanese tuna fishing boat has been detained by the authorities in the Solomon Islands on suspicion of falsifying its catch reports, according to a report reaching the Japanese Embassy in the islands Tuesday.

The skipper of the No. 58 Taihei Maru, a 118-ton vessel belonging to Ishizaki Fishery Co. of Kesennuma, Miyagi Prefecture, will be tried shortly on charges of neglecting to make log book entries and of writing false catch figures, the Embassy report said.

A fishery agreement between Japan and the Solomon Islands expired early this year after the Japanese Government refused to agree to the fees the Pacific island nation was demanding for fishing in its waters. The agreement has been extended tentatively since then.

Japanese sources said they believe that the Solomon Island Government is trying to put pressure on Japan to pay the higher fees by detaining a Japanese fishery boat.



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